



US Wellness Meats

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Date: September 24, 2011

To: Congressman Tim Johnson
Subcommittee on Rural Development, Research, Biotechnology, & Foreign
Agriculture
Room 1301, Longworth House Office Building
Washington, DC 20515-6001

From: Jim Crum
US Wellness Meats

RE: Testimony on Role of Broadband Access in Rural Economic Development

Grassland Beef LLC dba US Wellness Meats is honored to participate in this crucial discussion on Broadband Access in the rural community.

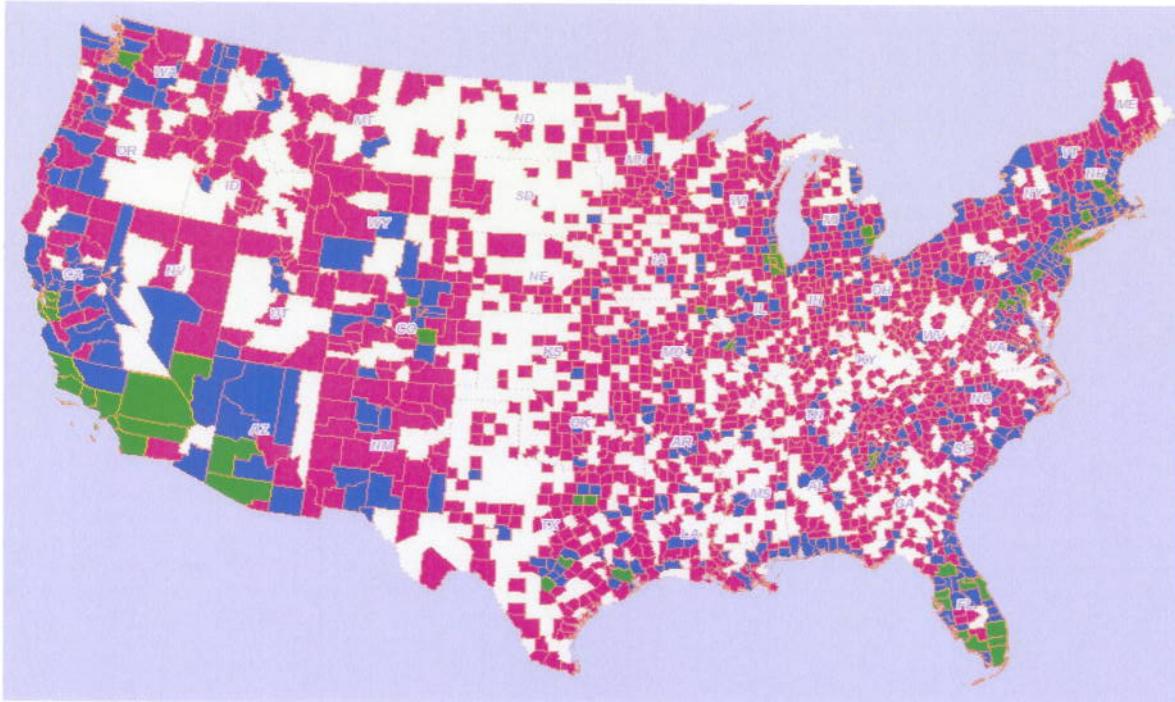
Grassland Beef was well ahead of the retail internet curve when we opened for business on November 7, 2000. We had the right idea but failed to understand the art of building trust and sales with online marketing. To say we were pioneers is an understatement. With determined persistence we were able to build the business from the ground up over time.

Key points of our journey:

- Forty-five total sales orders in November and December 2000 with only two orders from customers we did not know, pointed out the degree of difficulty in being found online and creating trust for actual cash sales.
- In the beginning, we were dealing with dial up internet that was painfully slow. Ten years later we have access to 3 mbs down and 2 mbs up, which is a significant improvement from dial up, but not where the rural community needs to be. We would prefer to see 10 mbs up and down and can only dream of 25 mbs up and down which is available in some areas of the country.
- Broadband technology is a lifeline for the rural economy. The ability to tap into all fifty states and the international market is the wave of the future for small business like ours. Entrepreneurs will change the business landscape in our lifetime and

corporate America will take note as some of the brightest and most ambitious choose to make their own destiny. In a struggling economy with unemployment at record highs, we should be encouraging start-up companies and small business and making internet access available to them is a very strong step in the right direction. In one sense, the unrest in Northern Africa this past summer is a result of technology not available ten years ago.

- Grassland Beef has enjoyed a growth rate of 30% per year to date from our inception in 2000. This would have been nearly impossible without the unlimited access available online. August of 2011 was a record for revenue when we received 2,837 sales orders during that one month.
- Our local Fed Ex sales representative reported in 2009 that half of their volume was edible, which demonstrates how many consumers are now buying food online. Please remember that the rural community is where an abundance of our food is produced.
- Direct to consumer food marketing grew 104.7% between 1997 and 2007 while total ag sales only increased 47.6% (source page 3–
<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5076729>
GLB is in a perfect position to capitalize on this direct to consumer link.
- Grassland Beef has over 700 affiliates that use the web to direct clients from their websites to ours. By utilizing online resources such as these, we are able to gain market growth and increased sales.
- In 2006, Grassland Beef utilized a VAPG USDA Rural Development Grant which has been instrumental in our growth to a better business platform and left us with tools we use every day to successfully manage the business.
- In 2009, GLB recognized the marketing power of social media and devoted one employee full time to tap into Facebook, Twitter and blogging. Being able to point traffic to an online website helped push sales further up the marketing ladder of success.
- 90% of our business is direct to the consumer via Fed Ex. Most of our competition has chosen to sell direct to distributors and grocery chains. The online technology we employ in order to sell direct to consumer reduces the risk of large client turnover which will occur when you are selling in large volume to any one customer.
- The majority of our online sales are centered around urban areas. There are several factors that lead to this, but one is certainly the fact that decent internet service is not readily available in the Midwest and other rural areas. This can be seen clearly in the map below:



Data compiled March 31, 2011

- In closing, we have been enjoying high demand and riding a strong wave of internet success over the last three years. We are able to operate a complicated business without debt thanks to being able to open this local region to every county in the USA, as well as some international business, mainly through internet access.
- We are hopeful that the Subcommittee on Rural Development, Research, Biotechnology, and Foreign Agriculture will see the unlimited potential for putting high speed broadband in the rural community.
- Time is money, and speeding up communications between the producers of smart foods and consumers is a win-win situation for everyone in the chain.
- Finally, there will be new uses for the inherit speed of broadband that no one in this room can envision today but these will certainly amaze all of us within the next five years.