



Beef Marketing Alternatives

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This publication explores marketing alternatives for small-scale cattle ranchers who would like to add value to the beef they produce. Part One discusses methods to add value within the conventional marketing system, including retained ownership and cooperative marketing. Part Two introduces alternative marketing strategies, including niche markets for “natural,” lean, and organic beef. Production considerations for pasture-finished beef are given special attention. A section on direct marketing focuses on connecting with consumers and developing a product. Processing and legal issues are also covered. This publication also provides information on developing prices for retail beef based on wholesale prices and desired mark-up, and for determining carcass value. A list of resources provides suggestions for further reading, contact information for several producers and marketers of “alternative” beef, and Web pages of interest.



Photo by Lynn Betts, USDA Natural Resources Conservation Service.

Introduction

Under conventional production and marketing, about half the value of beef is added after cattle leave the farm, and net returns to the cow-calf producer historically tend to be low. At the sale barn, the rancher's profit is trimmed by wholesale price fluctuations, “middle-man” fees, and the grading process. Producers who sell in this highly competitive market can be described as “price-takers,” competing with many other producers of relatively homogeneous commodity products. (Bastian and Menkhaus, 1997)

Working within the conventional market, the rancher can significantly increase profit per head of cattle by retaining ownership past the

weaning stage, by producing higher-grade and heavier animals, by carefully managing the culling process, and most importantly by minimizing the costs of production. Small producers can further empower themselves by forming marketing cooperatives or other types of alliances.

Some ranchers, however, judge the conventional market to be unresponsive both to their needs and to the changing desires of consumers. These producers choose to develop markets outside the conventional system. They add value to their beef by *differentiating* it from the supermarket fare that is the end product of the commodity market. Alternative marketing of beef primarily means *niche marketing* and *direct marketing*



Related ATTRA Publications

Sustainable Beef Production
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Assessing the Pasture Soil Resource
Contract Grazing
Agricultural Business Planning Templates and Resources
Enterprise Budgets and Production Costs for Organic Production
Organic Farm Certification & the National Organic Program
NCAT's Organic Livestock Workbook – A Guide to Sustainable and Allowed Practices
Organic Marketing Resources
Direct Marketing

The “niche” is simply a segment of the buying public unsatisfied with conventional beef and willing to pay a premium for a leaner, tastier, or more “natural” product. The most likely way for the producer to connect with these consumers is by marketing *directly* to them. In the words of researchers at the University of Wyoming:

This approach can add value to cattle... [by allowing] producers to capture much of the margin otherwise going to middlemen in the marketing chain. Of course, the producer also “captures” much of the work and associated costs, as the producer must identify and attract customers, perhaps provide added feed, arrange for slaughter, distribute the product to customers, and secure payment. (Bastian and Menkhaus, 1997)

Differentiating your beef from the conventional product entails changes in production as well as marketing. If your customer is a meat packer, your production will have to conform to industry standards for everything from breed selection to use of antibiotics to yield and quality grades. But if your customer is an individual looking for lean beef raised and finished on a local family farm, or raised organically, you will be working with a very different production model. Integrating meat production and marketing may radically alter the whole enterprise. For instance, to improve efficiency within the conventional live-sale market, many ranchers have consolidated their calving schedules. Some alternative marketing strategies, however, may require year-round production to meet year-round demand. (Levi et al., 1998)

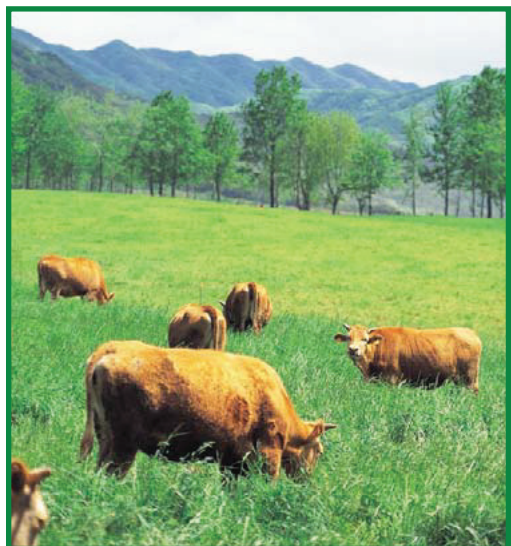
Beef that is slaughtered off pasture and sold locally is generally considered more *sustainable* than feedlot-finished, mass-marketed meat. Sustainability means that the best interests of the farm family, the community, and the environment are being taken care of. For some consumers, sustainability is already a strong selling

point. Many others can be educated about the values they are fostering when they choose an alternative beef product over the supermarket cut. Pasture finishing combined with direct marketing can substantially benefit the farm family, the rural community, and the environment in the following ways.

- Keeping independent ranch families on the land
- Protecting land from development
- Reducing pollution of surface and ground waters
- Building soil and plant diversity
- Rebuilding local rural economies
- Passing down traditional farming and animal husbandry skills

Alternative marketing strategies can turn price-takers into price-makers, but the added time, labor and resources needed to perform these added functions beyond producing a calf or yearling should not be underestimated. “Marketing management expertise also is required, along with the traditional knowledge of the production side of the business.” (Bastian and Menkhaus, 1997) The more you learn and prepare before entering a new market, the less surprising, expensive, and frustrating your “learning curve” will be. One of the more complete research projects conducted in the area of natural beef production is described in a University of California SAREP report entitled “Natural Beef: Consumer Acceptability, Market Development & Economics.” (see **Resources**). The “Beef Marketing Flowchart” in the above report will help you to understand the issues involved in pursuing different marketing strategies.

Keep in mind that if a marketing plan is to be successful, you must know the unit cost of production (UCOP). For long-term success, decisions need to be based on the knowledge of what the UCOP is, and whether it is competitive in the marketplace. An excellent resource for economically based cattle marketing decisions can be found at Harlan Hughes Market Advisor Web site (see **Resources**).



Part One: Adding Value to Beef in the Conventional Market

Traditional cattle markets are fragmented, and inefficiency seems to thrive in the beef production industry. The inefficiency also creates opportunity for those willing to do some extra work, assume some of the risk, and work with others. If you are willing to work differently and produce cattle that the market wants, is it really that risky? Well, with proper planning, the disappointments should at least be fewer than when simply selling calves at the sale barn every year, crossing your fingers, and hoping for the best. But, if your cattle don't fit, and you don't want to change, then you probably need to keep doing what you've always done. That's the thing about the open market: someone will always determine for you what the risk of owning your cattle is and pay accordingly.

One of the easiest ways to add value to your own cattle is to know what the market wants to pay for and then move in that direction. For example, the commodity beef market currently wants Yield Grade 3 or better, with a carcass weight of 750 pounds, grading Choice, and reaching those targets before 15 months of age.

Another guide to increasing profits within conventional marketing channels emphasizes retained ownership (see **Resources/Retained Ownership**). This production and marketing strategy offers certain advantages. Retaining ownership can lower pro-

curement, transportation, and selling costs—costs that may be incurred if cattle were in regular market channels. In most instances, when discussing retained ownership, it involves actually owning your calves until harvest. This may or may not involve other parties that background or finish the calves on contract prior to harvest.

Prior to heading off into retained ownership, you might consider getting involved in one of several Ranch-to-Rail programs that exist around the country. These programs allow producers to gather information on how their genetics will perform in a feedlot and how the finished cattle may fit a marketing grid. These programs typically allow producers to enter a few head of cattle, combining them with other producers' cattle to make full pens. Producers receive both growth data and carcass data on their own cattle as well as the entire group, so that useful comparisons can be made. Contact your state Extension Beef Specialist or state cattlemen's association for more information on the availability of this type of program in your area.

Alliances

In a marketplace dominated by large buyers, the independent small producer is at a disadvantage. By creating economies of scale and allowing for effective coordination, **alliances** among producers with similar goals can add value to beef and increase the members' marketing leverage. Alliances can integrate the cattle market both horizontally (among producers) and vertically

Important considerations with retained ownership

- **Producer size.** Many producers will not have enough calves of similar kind to fill a pen at most feed yards. Smaller producers may want to consider forming a marketing group to pool calves with other small producers.
- **Cost of production.** Knowing your cost of production is critical to making decisions regarding profitable opportunities in the market.
- **Information.** Good, reputable information and awareness of current trends is helpful in marketing decisions.
- **Financial requirements.** Retained ownership requires additional capital and delays income. Can your cash flow be adjusted to deal with these issues?

(Retained Ownership Strategies for Cattlemen. Davis et al., 1999)

(among producers, breeders, feedlot operators, packers, etc.).

An alliance is generally developed around some common goals or values, which may include a health and management program, a specific breed, a geographic identity, or an emphasis on leanness. Alliances allow cow-calf producers to share equally in potential profits through retained ownership, and improve beef cattle consistency by grouping together animals of like type, finish, and cutability. Alliances do not guarantee profits. Premiums are given only to cattle that meet specifications. Good management is the key. Most alliances provide carcass data feedback to producers. (Anon., 1997)

Colorado rancher Dan Kniffen offers the following cautions for those considering whether to join an alliance.

- The best source of information is direct contact with the alliance's program coordinator. Ask as many specific questions as you can think of. Also ask for names and phone numbers of other participants.
- A good contract will protect both parties in the agreement, providing a timetable and specifying the responsibilities and financial liability of everyone involved.
- Some alliances will require you to place a minimum number of cattle in the program to participate. Almost all alliances have specifications on the genetic composition or biological type of the cattle that are accepted. There are also limitations on carcass size and quality.
- The most critical aspect of an alliance for the producer is the pricing formula. You must absolutely do your homework in this area. Once you've determined how the base price is established, you must pay particular attention to the "premium" and "discount" categories. It's quite possible to receive enough discounts on a few non-conforming cattle to offset all the premiums received on a majority of the cattle. Producers who have some estimation of how their cattle will perform in the feedlot as well as on the rail are in the best position for this type of marketing. (Kniffen, 1998)

According to financial consultant Tom Hogan, few cattle producers really have a

grasp of their costs of production. Before joining an alliance, Hogan recommends first finding out the carcass quality of your cattle.

Retain a set of cattle, run them through to the rail and see how they do. Once you've figured out where you are and where you want to be, pencil out what it will cost you to get there... The key is to avoid discounts. If that means a rancher has to participate in an alliance to learn how to do it, then join one. But in chasing a premium, don't lose sight of all the other efficiencies. That premium won't cover what you lose. Whether marketing through an alliance or outside of one, you're still a price taker and the only way you can be profitable is for production costs to be lower than your receipts. (Roybal, 1998)

Marketing Cooperatives

An increasingly common type of alliance is the marketing cooperative. A cooperative is a producer-owned, democratically operated business with written by-laws. Cooperative marketing arrangements among cattle producers often take the form of packaging cattle in pools for sale. Packaging means that cattle are merchandized by putting them into groups with particular characteristics to meet the needs of buyers. (Bailey, 1996)

While most cattle operations in the U.S. are relatively small, the marketing system is geared toward large, uniform lots of cattle. The number of cattle in a lot influences the price buyers are willing to pay. The optimum lot size for feeder cattle sold through a regular ring auction is 50 to 55 head; for a video auction the number rises to about 240 head. Uniformity of weight and sex is also important in getting the best price for a lot. A study conducted at Utah State University found that buyers at a video auction paid approximately \$1.70/cwt. more for uniform lots of cattle than for lots that were not sorted by sex and weight. This means that a 500-pound calf sold in a uniform lot would bring \$8.50 more per head than a similar animal sold in a non-uniform lot. (Bailey, 1996)

According to the 2002 Census of Agriculture, the majority of farms with beef cattle have fewer than 50 head. (USDA NASS,

Cooperative marketing often takes the form of packaging cattle in pools for sale.

2002) The average cow-calf operator, after accounting for weaning percentage and held replacement heifers, probably has fewer than 30 calves to sell each year—of both sexes and with a range of weights. Packaging cattle into uniform lots of optimum size is therefore not possible for most individual cow-calf operators. (Bailey, 1996)

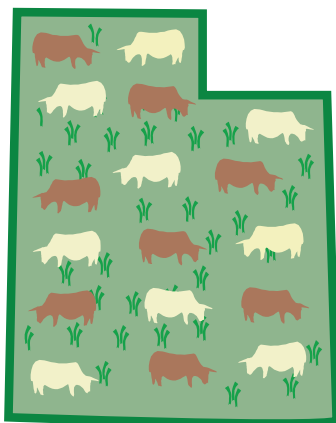
For the small producer selling in the conventional market, a cooperative calf pool is a great way to get the best possible price. It does require commitment, time,

extra work, and, obviously, a willingness to cooperate with other ranchers. For a co-op to work, rules must be firm, fair, and strictly enforced. The rules must set the quality standards of the group; any member whose cattle do not meet the standards is not allowed to sell through the co-op.

For detailed information and assistance on forming a cooperative, contact the USDA-RBS Cooperative Services Program (see **Resources**). For a “yellow pages” of existing alliances, contact *BEEF Magazine* (see **Resources**).

A Cooperative in Utah operates as follows:

- 1.) Each member of the co-op indicates the number of steer and heifer calves he or she will provide to the pool the coming year. This becomes a marketing agreement between the co-op and the producer.
- 2.) The calves are pre-priced through a video auction using videos and descriptions of “representative” calves. The calves normally are sold in six pools—three for steers and three for heifers, based on different weights. For example, the three steer pools may have average weights of 450 lbs., 525 lbs., and 575 lbs. The pools normally range in size from 150 to 250 head. Pre-pricing through a video auction eliminates the need to gather the cattle to obtain bids. Producers know the day delivery will take place and the price they will receive before the cattle come off the range.



- 3.) On the day of delivery, producers are responsible for bringing their calves to the loading/unloading facilities. After unloading, the calves are brand inspected and sorted for different pools. The sorted groups for each producer are weighed, and then are placed into their respective pools. Records are maintained on the number and weights of cattle for each producer in each pool. After the pool is completed, the cattle are loaded and shipped.

- 4.) The co-op is paid by the video auction company and the co-op issues a check to each producer based on the total weight they contributed to each calf pool.

Producers in this cooperative believe that pooling has been a very successful method for them to increase the price they receive for their calves. No members of the co-op have more than 200 mother cows, and some of the producers have fewer than 10 calves to contribute to the overall pool. (Bailey, 1996)

Part Two: Alternative Marketing of Beef

Corporate consolidation in the beef industry has narrowed the marketing options for small-scale producers. It is increasingly hard for the family ranch at the bottom of the food-processing chain to maintain acceptable profits. This environment has pushed many ranchers out of the business,

and inspired others to by-pass the industry and market their own products.

At the same time, the industry has faced a continuing decline in beef consumption. By the early 1990s, chicken sales had surpassed beef sales in the U.S. for the first time. (Levi et al., 1998) Factors in this decline in market share include the following

- Lifestyle changes among consumers
- Health risks associated with beef fat and with “red meat” in general

- Concerns about use of hormones, steroids, and antibiotics
- Concerns about bacterial contamination
- “The inability of the consumer to purchase a consistent, quality product from the traditional meat case.” (Levi et al., 1998)

Niche Markets

It is clear that the industry is failing to meet the demands of a considerable number of consumers. The successful niche marketer will target those poorly served consumers, identify their needs, and produce a consistent, high-quality product that satisfies those needs. Before going into direct marketing as a substantial source of revenue for the farm business, serious consideration and much time should be

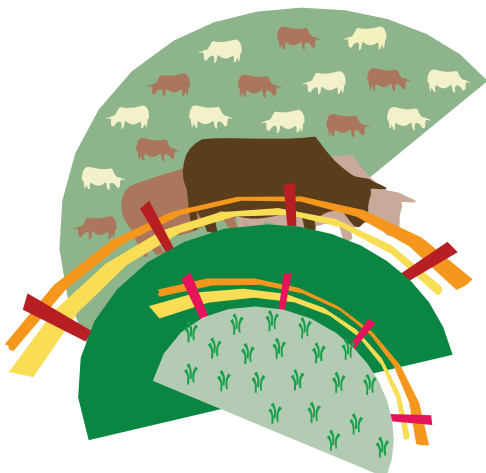
spent on thoroughly researching the potential markets for your product. You should also carefully read the ATTRA publication *Direct Marketing* prior to any investment in this area. Understand that niche marketing requires different personal skills and a tremendous time commitment. Be honest in a self-assessment. Do you really have the desire, dedication, skills, and willingness to deal with consumers, retail buyers, and government agencies? It may be worthwhile spending your spare time for a year collecting, reading, and analyzing information about your potential market before you invest in labels, advertising, and retaining a large portion of the calf crop for alternative markets.

Alternative beef marketing operations typically describe their product with some combination of the following terms: lean, organic, natural, pasture-finished (or grass-fed or grass-finished). Other common selling points for alternative beef include: “no antibiotics,” “locally raised,” “family farm,” and “humanely produced.”

Before a beef product can be labeled with terms that denote uniqueness or superiority of some kind, the producer must file an “Animal Raising Claim” with the Labeling Review Branch of the USDA. This involves submitting a label application (FSIS Form 7234-1) and a prepared (manufactured) label that includes the claim in question. In addition, an Operational Protocol (OP) that describes in detail the production practices employed, affidavits and testimonials, feed formulations, and any applicable certificates, must also be submitted with the application. An OP must be in the producer’s own words and must state in detail how the animals are raised, including ration formulations, sick animal protocol, herd health management, and other facts relating to the proposed claim (e.g., “no antibiotics,” “natural,” “organic”). The term “chemical free” is not allowed to be used on a label. (Levi et al., 1998) For details on submitting an Animal Raising Claim, including specific requirements for the OP, contact the Compliance Assistance Division of FSIS (see **Resources**).

Select market research and findings—a great source of information and potential leads

- The appeal of purchasing locally produced meats appears to be considerably greater among buyers from commercial food service establishments not affiliated with a chain than among chain-operated establishments.
- Survey data indicate that unsolicited telephone calls are the single most important methods by which buyers locate new suppliers, followed closely by trade show participation.
- Eighty-four percent of surveyed buyers prefer that sales representatives seeking business accounts with their firms arrange a formal appointment rather than arriving unannounced.



- Buyers from higher priced establishments are also more likely to purchase meat products from a family-run agribusiness and to advertise the origin of their meat products on their menus as a way to distinguish themselves in the marketplace. (Tropp et al., 2004)

Lean beef

While the industry has paid some heed to the growing consumer demand for lean beef, the existing system is still based on USDA standards that give the best grade to carcasses with the most marbling. A growing agitation within the industry seeks to reform the grading process to better reflect current market trends.

Laura's Lean Beef

Based in Kentucky, Laura's markets lean beef in nine states. No preservatives, salts, or fillers are used in packaging. Started in 1985 as a "value adding experiment to a family stocker operation," by 1995 the company was debt-free, worth \$20 million, and employing 30 people. Today, Laura's Lean Beef is sold in 3,000 stores in 33 states. Retail sales for 2001 are expected to top \$55 million.

The company contracts with family farms to raise genetically lean breeds such as Limousin and Charolais, on natural feeds only, with no routine antibiotics or hormone implants. Grazing, particularly rotational grazing, is an important part of the program, as is low-stress handling of the animals. The cattle are pasture-finished, with a quick grain feed at the end.

As a high-volume commercial business, Laura's Lean Beef is not suited to working with small cow-calf producers on an individual basis. Like the beef industry in general, the company deals with truckload lots of uniform weights and breeding. Small producers would need to create a cooperative calf pool in order to work with the company, which does offer price protection to ranchers with whom it contracts. (Nation, 1995) Producers interested in the details of Laura's cattle program should visit the company's Web site, www.laurasleanbeef.com/cattleProgram/. See **Resources** for further contact information.

Lean beef appeals to more than a niche market—the mainstream consumer trend is toward low-fat and fat-free foods. Though the industry has been slow to respond to this reality, the grading process will most likely be changed to accommodate production and marketing of lean beef, which is defined as having 25 percent less fat than the industry average. While "organic" and "pasture-finished" beef clearly represent niche markets, lean beef is suited to the conventional marketing structure. Laura's Lean Beef (see box) is an example of a large-scale alliance that combines an unconventional product with conventional marketing methods. The small niche marketer probably cannot rely on leanness alone as a selling point. To compete with lower-priced conventional lean beef, other qualities lacking in the mainstream product will need to be highlighted, with an emphasis on customer service.

Organic beef

Until recently the USDA did not permit "organic" labels for livestock products, pending federal standards for organic certification. Even farm names with the word "organic" were not permitted on the label. However, in January 1999 the USDA approved the use of a federal label for the interstate sale of "organic meat" (Hamilton, 1999) As with other labeling claims, the "organic" label must be evaluated and approved by the USDA's Food Safety Inspection Service (FSIS). An application must be submitted, accompanied by the proposed label and the documentation provided by the certifying organization.

The Certified Organic Food Directory lists organic beef buyers and suppliers around the country. Some market conventionally; others direct-market. (See **Resources** for information on ordering this publication.) For a more detailed discussion of organic certification, and a list



National Organic Program—Livestock Standards

These standards apply to animals used for meat, milk, eggs, and other animal products represented as organically produced.

The livestock standards state:

Animals for slaughter must be raised under organic management from the last third of gestation, or no later than the second day of life for poultry. Producers are required to feed livestock agricultural feed products that are 100 percent organic, but may also provide allowed vitamin and mineral supplements. Organically raised animals may not be given hormones to promote growth, or antibiotics for any reason. Preventive management practices, including the use of vaccines, will be used to keep animals healthy. Producers are prohibited from withholding treatment from a sick or injured animal; however, animals treated with a prohibited medication may not be sold as organic. All organically raised animals must have access to the outdoors, including access to pasture for ruminants. They may be temporarily confined only for reasons of health, safety, the animal's stage of production, or to protect soil or water quality.

USDA National Organic Program Production and Handling Standards

of certifying organizations, request the ATTRA publication *Organic Certification and the National Organic Program*. Additional organic livestock publications from ATTRA include the *Organic Livestock Workbook* and *Organic Livestock Documentation Forms*.

Producers interested in raising organic beef should complete an economic feasibility study and do thorough market research before investing in this market. The requirements are strict, and the additional documentation can be cumbersome for some producers, especially those with smaller herds. The annual fees for inspection can add a significant cost to production; the additional labor of daily record keeping can have a large impact on the profitability of this system. A key to using “organic” as a marketing tool is to ensure that organic processing is available. Locating a USDA-inspected processing plant can be difficult, but an organically certified, USDA-inspected processor is a very rare commodity. For more economic information on organic beef production, see AgMRC under **Resources—Niche and Direct Marketing**.

Natural beef

Under current USDA policy, meat may carry the “natural” label if it contains no artificial ingredients (color, flavor, preservatives, etc.) and is minimally processed. The label must explain the use of the term (e.g., “no added

colorings or artificial ingredients” or “minimally processed”). “Natural” production methods must be documented. In popular usage, the term “natural” commonly refers to beef that has been raised mostly on pasture, without routine use of medication. The feed is not necessarily organic.

Coleman Natural Meats

Based in Colorado, Coleman is the nation's largest producer of certified all-natural beef, and the first to receive a USDA “natural” label. Coleman contracts with more than 600 ranchers throughout the West to produce meat without hormones or antibiotics, and the vacuum-packed cuts are marketed nationwide in many natural and mainstream food stores. Coleman promotes itself as a steward of the environment, educating ranchers about grazing practices that improve range conditions. This appeals to “green market” customers who seek ecologically raised products. Their meat production is advertised as natural, humane, and “unhurried.” See **Resources** for contact information.



Pasture-finished beef

The 1997 UC-Davis report on “Natural Beef,” in summarizing the history of beef finishing in the U.S., notes that:

The feeding of high energy, grain-based diets to beef animals prior to marketing is a relatively new phenomenon. Prior to World War II, beef was primarily finished on forage. Beef animals were developed relatively slowly on forage-based diets, were significantly older at slaughter, and aged post-mortem to enhance tenderness... The majority of these animals were marketed through small, community-based packing plants, with the financial rewards for the production and marketing of the product remaining in the local economy. (Levi et al., 1998)

In recent years there has been a resurgence of interest in pasture finishing among North American graziers. The monthly periodical *The Stockman Grass Farmer* is a forum for these pioneers. Its editor, Allan Nation, proposes that producers of beef cattle begin to think of themselves as grass farmers, with pasture as their main crop. This is an idea whose time has come, though it is not a new idea. Nation quotes a classic reference book, *Forages* published in 1951 by Iowa State: “The grassland farmers are often craftsmen in the culture and use of grass. [One] takes into account soils, plants, animals, and interrelationships. Adequate acreages of adapted grass-legume combinations are provided, depending upon soil needs. High quality forages are emphasized in livestock production, with grains supplementing rather than dominating the feeding practices.” (Nation, 1997) The term “grass farming” reflects the fact that high quality pasture is the prerequisite for healthy animals and healthy profits.

In 1997 The University of Missouri’s Forage Systems Research Center completed a five-year study “designed to research the finishing of beef cattle on pasture without the use of a confinement feedlot.” (Martz et al., 1998) According to one of the researchers, animal scientist Fred Martz, “What will push [the practice of grass finishing forward] are people with environmental concerns. Pasture finishing won’t ever totally replace feedlot finishing, but if we get to

a level of finishing 25 percent of cattle on pasture, it would be a significant change.” (Nickel, 1998)

Pasture-finished beef (PFB) is lean beef. Sometimes it is finished entirely on pasture; sometimes there is a short period of grain-feeding (as in the case of Laura’s Lean Beef). The essential elements of high-quality PFB are high-quality pasture, appropriate genetics, young slaughter age, attention to factors that affect flavor, and aging of the carcass.

High-quality pasture “Bluegrass, orchard grass, brome grass, endophyte-free tall fescue with a 30–50 percent component of legume should be considered. Alfalfa should not be overlooked if your situation is suitable for it. Tall fescue with high levels of endophyte infection *will not work*. *We need animal gains of 2.0+ lbs per day* and dirty fescue just won’t do it, particularly in the summer... Pastures should be kept vegetative—*no seed heads*—and 6–10 inches in height at turn-in.” (Bartholomew and Martz, 1995) Management-intensive rotational grazing and other resource-efficient grazing practices are recommended. Several ATTRA publications on rotational grazing and other grass-farming topics are listed in the **Resources** section. Also be sure to check with local Extension and NRCS personnel.

Genetics Good forage-converting genetics are important. This means fast-maturing breeds that tend to marble on pasture with a lower amount of backfat. Ontario agronomist Ann Clark recommends using mainly medium-framed, early maturing British breeds. (Nickel, 1998) Smaller-frame British cattle are well-suited to direct marketing, as families may like the smaller carcass size and smaller cuts of meat. Research at the University of Missouri’s Forage Systems Research Center found that medium-frame cattle that finish at 1050 to 1200 pounds work well for pasture finishing. (Bartholomew and Martz, 1995) The researchers used Angus, Gelbvieh, and Hereford crosses. Brahman influence is important in the South for heat tolerance. It is important

“**W**hat will push the practice of grass finishing forward are people with environmental concerns.”

to note that cattle bred for feedlot finishing *may not work* for PFB.

Young slaughter age. The most important issue related to *tenderness* of beef is the age of the animal at slaughter. Plan to have pasture-finished cattle *ready for slaughter at 16 to 22 months of age*. One “problem” associated with PFB that may be solved by slaughtering before 18 months is yellow fat. This is a problem due to public perception that beef fat should be white; it is not a true quality issue. The yellow color simply indicates a higher level of beta-carotene (precursor to vitamin A) in the fat of animals finished on forage. “Yellow fat on poultry and beef, extremely orange egg yolks and naturally yellow butter reflect high levels of chlorophyll in the diet and low levels of saturated fat.” (Salatin, 1995) A direct marketer who educates customers about yellow fat might turn it into an asset indicating a natural, nutritious food. In any case, the consensus among producers seems to be that if animals are slaughtered within the 18-month age range, fat will not appear yellow.

Flavor The taste of grass-fed beef differs from that of grain-fed beef, although the difference is usually subtle. Studies in Missouri and Alabama have found that consumers could not distinguish between grain-finished beef and beef finished on pasture. Still, PFB has a reputation for tasting “stronger” than grain-finished beef.



According to researchers at the University of California, “The flavor of the meat is directly linked to the feed available to the animal. The traditional grain-fed product has the advantage of a consistent feed that in turn produces a consistent-tasting product. Grass-fed beef, on the other hand, is reliant on the native forage available... The types of grass can vary from field to field creating a problem in flavor consistency of the meat.” (Levi et al., 1998) Grain supplementation on pasture or a short period of grain feeding before slaughter can reduce or eliminate the “stronger” taste of grass-fed beef. Also, pastures should be managed to avoid plants, such as onions, that can impart an off-flavor. PFB is definitely not synonymous with “bad-tasting.” Members of the Tallgrass Beef cooperative in Kansas find that the flavor of their PFB is preferred by their clientele, which includes chefs. (Nickel, 1998)

Aging of the carcass While researchers in Missouri found no off-flavors in PFB, “the taste panel did detect a lack of tenderness when the meat was tested right after slaughtering.” The researchers re-tested the beef after it had been aged for one, three, and five weeks, and found that the PFB aged three weeks was equal in tenderness to feedlot-finished beef. A PFB producer in New Hampshire, who markets under his own label, allows his beef to hang four weeks. He feels that aging is very important to quality. Aging also contributes to the characteristic flavor associated with beef.

As noted earlier, the USDA grading system is based largely on marbling. Because of this, beef finished on pasture tends to grade relatively poorly. In a University of Georgia study that compared carcass quality of PFB and feedlot-finished beef, the USDA grades were split as follows.

Grass-fed: 15 percent Standard, 70 percent Select, 15 percent Choice

Grain-fed: 0 percent Standard, 45 percent Select, 55 percent Choice

The taste panels, however, detected no difference in *eating quality* between the two

types of beef. Canadian researcher Paul McCaughey comments, “The taste panel work we’ve done shows there are many factors affecting eating quality apart from marbling. In fact, USDA experiments have shown that marbling accounts for only about 5 percent of beef’s eating quality—yet marbling is what we base our entire grading systems on.” (Nickel, 1998)

Clearly, PFB sold conventionally under the present grading system will “take a price kicking—to the tune of \$220/head, or up to a 24¢/lb. discount.” (Martz et al., 1998) However, this loss may be offset by cost-of-gain savings. The five-year research project in Missouri showed cost of gain for grass-finished cattle to be as low as \$27/cwt., compared to \$60/cwt. for feedlot cattle. Land, labor, interest, feed, and all other variable costs were included. (Nickel, 1998) The Missouri researchers concluded that “cattle can be finished on pasture and the resulting beef will be acceptable for the conventional meat trade... The use of maximum inputs of pasture into the finishing of beef will usually result in the most economic gains as long as cattle are taken to a level of finish to grade Choice and/or Select and market discounts are avoided.” (Martz et al., 1998) But until the conventional market learns to deal rationally with PFB, alternative marketing structures are better suited to this premium product. Rather than being graded and sold on the hoof, PFB is typically custom-processed and direct-marketed to consumers.

A recently completed SARE project, conducted by ATTRA, the University of Arkansas, and the University of Tennessee, determined that quality grass-fed beef can be produced economically. It retains inherent nutritional values if the proper supplements are used in conjunction with quality forages. The study worked with ten farmers in northwest Arkansas to evaluate the possibilities for grass-fed beef production. It concluded that not all farms have the capabilities to finish cattle on forage due to several constraints.

Constraints to Finishing Cattle on Forage

- Genetic composition of current herd
- Potential to produce both winter and summer annuals for continuous pasture availability
- Productive capabilities and fertility of soils
- Viable number of marketable animals
- Ability to adopt a grazer’s mindset when addressing challenges
- The ability and time to develop a consistent and dependable market

Whole Farm Planning for the Production of Grass-fed Beef, Southern SARE Project #LS00-113.

Strong evidence suggests that grass-finished beef is more nutritious and healthful than grain-fed beef. The case is presented definitively by Jo Robinson in her recent book, *Pasture Perfect*. All PFB producers should read this book and use it as a reference to educate customers. See **Resources** for ordering information.

Direct Marketing

Before beginning an alternative marketing enterprise, understand the differences between commodity marketing and direct marketing. Allan Nation, editor of *Stockman Grass Farmer*, puts it this way:

A commodity orientation means that as long as you meet the specs and can stand the price you pretty much tell everyone else to go fly a kite. Such a selfish attitude absolutely will not work in direct marketing... In the U.S., consumers expect an attitude of deference and responsiveness to their wants and needs. If you are unable or unwilling to develop—or convincingly fake—such an attitude, stay in commodity-priced agriculture. However, if you see service to others as a noble calling, don’t let the lack of specific marketing or production skills deter you. Aptitudes are rather easily learned. It is our attitudes that are difficult to change and that most often determine our fate. (Nation, 1999)

Direct marketing brings the producer and the consumer together in a way that the mass market cannot, and this is its great-

est strength and advantage. Direct marketing is “relationship marketing.” The first step in building the relationship is to identify your customers. They will not be “just anybody.” Your customer base will consist of folks who desire a special product, and their needs should be your first consideration, *before* you actually develop your product. First, talk to potential customers one at a time. Find out what characteristics they value most in a premium beef product—high quality, low price, leanness, organic or “natural” production, home delivery, particular cuts, and so on. Develop a brand name and a marketing/packaging strategy that capture the most important of these elements, and preview your “brand” to your intended customers.

It is both risky and inefficient to develop a product first and then try to find a market for it.

When you feel you have the right combination to appeal to your niche market, *then* develop the actual product. This approach can conserve resources, including your limited capital. It is both risky and inefficient to develop a product first and *then* try to find a market for it. Remember that the “product” is much more than the beef itself; the product is also service, packaging, your farm’s identity, your production philosophy, and even price. For your product to stand out from the competition and attract repeat customers, it must be carefully differentiated from other types and brands of beef.

Take time to develop your beef product and work the kinks out of the production process. Begin by making the product for yourself and your family. Next, produce it for your friends who have tried it, liked it, and asked for it. The last step should be marketing to consumers. Allan Nation writes, “If you are considering getting into direct marketing, don’t bet the farm on it. Keep doing what you are doing for a living and start learning and experimenting on a small scale... [T]he best guinea pig for this period of trial and error is yourself, your family and your friends.” If your family and friends are not crazy about your grass-fed steaks and don’t request more, “you are still in your apprenticeship period and are not yet ready to be in business.” Don’t try selling anything that you yourself are not

completely satisfied with. “A new business needs virtually 100 percent customer satisfaction from day one to survive. This is because any new business is necessarily drawing from a very small customer base.” (Nation, 1999)

The authors of the University of California study *Natural Beef: Consumer Acceptability, Market Development and Economics* recommend transferring only a portion of your cattle production into the new system at first. This will give you an opportunity to learn the ups and downs of alternative marketing while putting only a small percentage of your income at risk. Diversify your production a portion at a time, increasing the number of animals in the new system as you develop retail skills and market connections. (Levi et al., 1998)

While you have “relationship marketing” on your side, the major beef packers have economy of scale on theirs. Since you will not be able to compete with mainstream beef producers in terms of price, you must determine the appropriate premium to place on your product. Pricing is a critical and difficult task, and under-pricing is a common pitfall. The price has to cover costs of production, re-capitalization of the enterprise, *and* an acceptable profit. Profit should be planned for at the outset. If profit is thought of as “whatever is left over,” there will probably be no profit. At the same time, an over-priced product will not sell. Your initial market research should determine market size, market share, and the price your niche consumer is willing to pay for premium beef. Is that price sufficient to make this a profitable venture?

Joel Salatin, a nationally recognized grazer in Virginia, has been very successful at raising and marketing pasture-finished beef. He earns \$200 to \$300/head net by direct marketing to 400 regular customers. (Salatin, 1995) His book *Salad Bar Beef* presents a proven production and marketing system “that can make an excellent profit from a small cow herd regardless of the commodity price of calves.” “Salad bar beef” is Salatin’s consumer-friendly term for lean,

healthy, tasty meat raised locally on fresh, high-quality pasture. Salatin describes a three-pronged approach to developing a clientele for this type of beef.

1) **Samples** “We knew that the only way to get people to buy salad bar beef was to get it into their mouths. We gave samples to anyone we thought might be interested. Over the years, we’ve never given anything away that didn’t come back fourfold... Free samples are one of the underpinnings of successful marketing. We found a tremendous prejudice to non-grain beef. People by and large just knew it would be tough, stringy and gamey. To overcome that, we had to introduce them to it without any risk. The response has always been tremendous to this technique.”

2) **Education.** “We put together a slide program about our farm, titled it ‘Environmentally Enhancing Agriculture’ or whatever the group wanted to call it, and began making presentations for local organizations” such as Rotary, Kiwanis, Women’s Clubs, Garden Clubs, and American Association of Retired Persons (AARP). “The program is educational, not a sales pitch. But at the end, quite innocently, I’ll say, ‘Now if any of you would like to participate in this type of agriculture, I happen to have some order blanks with me and you’re welcome to sign up.’”

Other educational methods include brochures, newsletters, newspaper articles, and one-on-one conversations. It is up to you to educate potential customers on how and why your beef is *different* and *better* than the conventional product. Education should include instructions on proper cooking as well. Salatin points out that the common fast-cooking methods are suited to marbled USDA Choice, but not to grass-fed lean beef. He recommends slow cooking his beef for the best taste, greater tenderness, and improved digestibility.

3) **Customer Appreciation.** This gets to the heart of “relationship marketing.” When the consumer knows and trusts the producer personally, the relationship built between them is not easily broken. Good sellers know and use their customers’ names. Loyalty helps bring in repeat customers. The greater the loyalty and satisfaction, the higher the likelihood of repeat business even though cheaper beef may be available at the grocery store. “The two things supermarkets cannot do are provide high-quality food and offer a relationship.” By giving detailed, personal service to his customers, Salatin ensures that they will spread the word about his product. (Salatin, 1995)

Salad Bar Beef is recommended reading for anyone considering alternative beef marketing. It covers both production and marketing topics, all from the perspective of a successful alternative beef operation. See the **Resources** section for ordering information.

Salatin sells his beef and other farm products direct from the farm, taking orders once a year by mail and phone. Other potential outlets for direct sales to consumers include farmers’ markets and local grocery or health food stores interested in carrying farm-fresh products. Stores, however, are usually uninterested unless you can ensure a steady supply.

Upscale restaurants constitute another possible outlet. Many chefs appreciate the flavor and freshness of locally raised, grass-fed beef. Some restaurants have developed informational packets on where their ingredients come from, “to build rapport with customers and set the restaurant apart from other dining experiences.” (Levi et al., 1998) Quality and consistency will be this market’s main concerns. Chefs may be interested in prime cuts as the majority of their purchase, making it necessary to develop other marketing outlets for hamburger and roasts. Marketing to restaurants may provide the greatest return on investment for primal cuts, but is generally smaller in volume and requires more work per unit of sales. (Levi et al., 1998)



Taking your operation from live sales to marketing of meat may require changes in your production focus. Inventory management will be a primary issue. Beef producers who have had a short calving and marketing period for the sake of efficiency may have to time production to match variable consumer demand. Restaurants often have a highly variable demand for products, so you may either have to carry inventory or be able to move products quickly from live to useable form. Selling directly to consumers as Salatin does could allow you to focus on seasonal production. Freezing beef increases the ability to manage inventory, but adds storage charges to the cost of production. Generally, the larger the scope of your enterprise and the more outlets you have, the less challenging inventory management will be. (Levi et al., 1998)

Your best resource for information and inspiration is fellow producers, whose experience can save you many surprises and missteps.

This section is only an introduction to some aspects of direct marketing of beef. The ATTRA publication *Direct Marketing* provides more detailed information on enterprise evaluation, marketing research and planning, promotion and publicity, pricing and profitability, and direct market alternatives. Another good source of information is the SARE publication *How to Direct Market Your Beef*. Also refer to the **Resources** section of the present publication. Your best resource for information and inspiration is fellow producers, whose experience can save you many surprises and missteps.

Cooperatives for Alternative Beef Marketing

Co-op marketing can be adapted to alternative markets. A great example is the CROPP cooperative, which markets certified organic dairy, eggs, produce, and meats nationally under its “Organic Valley” brand name. Formed in 1988, CROPP is now the largest producer of organic dairy products in the U.S. Among the more recent additions to its product line is pasture-finished beef, marketed as Organic Prairie. CROPP is a farmer-owned and operated marketing cooperative, consisting of more than 190 small to mid-sized family farms in 10 states, from Maine to Wash-

ington. See the **Resources** section for contact information and more links to articles about cooperative efforts.

Legal Considerations

Marketing activities are affected by a wide variety of laws and regulations at federal, state, county, and city levels. While regulations vary by type of enterprise and location, some general rules apply to all areas of direct marketing. Some of these legal considerations include the type of business organization (sole proprietorship, partnership, etc.), zoning ordinances, small business licenses, building codes and permits, weights and measures, federal and state business tax issues, sanitation permits and inspection, food processors’ permits, and many, many others. If you plan to employ workers, there will be still more requirements to meet, such as an employer tax identification from the IRS and state workers compensation insurance. Environmental laws also influence farm operations.

Always check with local, state, and federal authorities before marketing any food product. Processed foods are heavily regulated to protect public health. Stay informed, since rules and regulations change often, and keep good records to prove that you’re in compliance.

Adequate insurance is essential. “The closer you get to the consumer by direct marketing, the higher the liability risk.” (Levi et al., 1998) Every operator should have a general insurance policy to protect against loss of buildings, merchandise, and other property. A general policy may include liability insurance for products and premises. However, general comprehensive farm liability insurance often does not cover on-farm marketing or direct marketing operations. A separate employer’s liability insurance policy may be required to protect you should an employee be injured on the job. See **Resources** for information on *The Legal Guide for Direct Farm Marketing* by Neil Hamilton of Drake University Law School, a comprehensive primer on

the many legal issues that surround direct marketing of agricultural products.

Processing and Packaging

Processing is an important consideration for direct marketers. Custom facilities are generally cheaper to use. Large commercial, federally inspected plants may not be geared to do custom butchering for the small beef producer. Producers should contact their state department of agriculture for regulations about meat processing and sale to the public.

Beef must be slaughtered and inspected at a federal- or state-approved facility in order to be sold to individuals, as in the freezer beef trade, or to restaurants. If beef is processed at a custom facility that is not federally or state inspected, then it can only be sold prior to slaughter. (Bartholomew and Martz, 1995) This means the cattle must be sold by the head or by live weight, which doesn't account for wide variations in dress-out percentages between animals. Joel Salatin deals with this dilemma by selling his animals for \$1 per head and then adding shipping and handling charges based on carcass weight. However, we cannot recommend this practice. The liability risk involved should not be underestimated.

Producers considering constructing a slaughter facility for their own beef should remember that federal, state, and local regulations govern the process. The axiom "ignorance is not an excuse" applies here. Farmers who intend to process on-farm should be aware of all federal, state, and local regulations. Your state departments of agriculture and health will have information about regulations. Your county Extension office should be able to direct you to the county agencies that regulate zoning, health, and other local regulations.

In 1996, the USDA's Food Safety and Inspection Service (FSIS) announced implementation of new rules meant to ensure the safety of meat products. A major component of the regulations is the Pathogen Reduction/Hazard Analysis and Critical Control Points (HACCP) system. FSIS

Production Note:

To castrate or not to castrate?

Some producers who direct market do not castrate their bulls (producers who market conventionally do castrate, since they get docked for intact males). Bulls put on weight 17 percent faster than steers and make leaner gains, giving them a higher dressing percentage. However, they may need to be slaughtered young (by 18 months), to minimize gristle, and be run in a separate herd to prevent unplanned breeding. But separating the herd may not be convenient. Joel Salatin, for example, chooses to castrate so that he can run all his cattle in one herd.

works with small and very small processing plants to comply with the HACCP. To learn more about HACCP mandates, or to obtain copies of FSIS-developed models to design least-cost HACCP-compliant small facilities, contact FSIS (see **Resources** for contact information).

Retail and individual meat sales require packaging in accordance with state and federal food laws. Since good packaging enhances sales, label design and presentation are important. Vacuum packaging provides superior product protection compared to hand-wrapping. Feeding high levels of Vitamin E for two weeks prior to slaughter increases the shelf life of meat. (Levi et al, 1998)

Many folks have questions about the amount of edible beef a carcass generates. A good article on the topic, "Did the Locker Plant Steal Some of My Meat?" by Duane Wulf, PhD, can be found at <http://ars.sdstate.edu/meats>

Pricing Your Product

A common question among producers looking to direct market is what to charge for the various retail cuts from a beef animal. A list of prices from another supplier may be a possibility, or research prices in the grocery store. However, someone else's prices won't help you understand how to price your own products to ensure profitability. Organic beef price research can be even more difficult since few price lists are available. Currently, USDA does not report

organic beef prices on a weekly basis as it does for commodity beef.

The key to profitable pricing is to determine actual cost of production for a marketable calf. Find all processing, marketing, labor, and management costs for a quantity of beef produced, typically on a carcass basis. This method of actual cost determines the break-even price for beef, including organic product.

Perhaps one of the worst errors you can make in direct marketing is to sell your product at a loss, while believing you are making money. Sooner or later the loss catches up with you and it can't be made up with volume.

Even if you don't have actual production figures to use, good, conservative production budgets are available to base a preliminary plan. Consult with the state Extension beef specialist to get accurate production costs for your area.

Get reasonable estimates, or better yet, actual carcass cut-out data, to base projections of retail meat yields. Be advised that most information is biased toward commodity beef, finished in a feed lot. Grass-fed cattle production, for example, may yield lower carcass weights with more trimming required at processing due to less fat, more shrinkage during aging of the carcass, and trimming of unsightly brown areas along the edges of a cut's external surface. Often, a few lunch hours with your processor can provide some insight into typical carcass

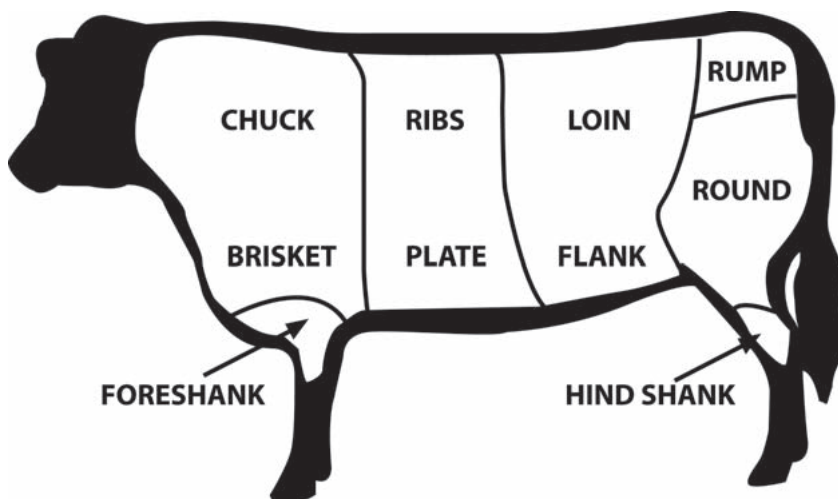
yields and the pounds of retail meat that can be expected.

A processor may be able to cut a beef carcass into 40 different cuts. The question you must ask is whether all 40 of those cuts can be sold to customers at a profit? Market research is important to gauge the various cuts and the quantity that customers are willing to purchase. Round steak can be a large portion of the retail weight generated from the rear leg of a carcass. But round steak is lean and somewhat chewy, and is considered a low-value cut requiring some preparation in the kitchen to be palatable to most families. Is your market for this particular cut large enough to move it, or should you consider other alternatives? The point is that just because your processor can produce a certain retail cut doesn't necessarily mean it should be ordered. A continual problem with direct marketed beef is the less glamorous cuts like round steak and various roasts. Would you be better served to make another product, add some value, and profitably sell it, versus taking a loss? The SARE report entitled *Whole Farm Planning for the Production of Grass-fed Beef* gives more perspective on cut selection and how to consider other options for low-value cuts (see **Resources**).

The first step is to determine what the average break-even price needs to be. Realize that there is a tremendous amount of shrinkage or loss that occurs along the process. Going from a live animal to a carcass results in a 36 to 45 percent reduction in weight. Processing can lead to another 35 to 42 percent reduction, depending on how much bone is cut out and how much shrinkage occurs in the cooler during aging. Each of those reductions pushes your break-even price higher and higher.

For example, consider a beef carcass that yields 350 pounds of retail meat. The calf and production costs are \$800, and processing adds another \$225, marketing is \$100, and labor and management adds another \$400. A total of \$1425 in costs are spread over 350 pounds of retail product. The average break-even price at those

Market research is important to gauge the various cuts and the quantity that customers are willing to purchase.



rates is \$4.07 per pound. Every pound of meat needs to be sold at \$4.07 per pound to break even. If 140 pounds is sold at \$3.00 per pound (the approximate amount of ground beef generated), the remaining 210 pounds needs to be sold for at least \$4.78 per pound to generate the same total amount of money.

The next step is to establish individual cut prices—the price of rib-eye steak per pound, the price of ground beef per pound, etc. Do you intend to offer a full slate of retail cuts? Do you have a market for a full slate of cuts? In many cases, folks are left holding onto the round steak and various roasts. If a ready market is unavailable, consider making those cuts into some other value-added product, such as ground beef patties or fresh beef sausage. Does your processor have the capabilities to allow you to produce some of these more customer-friendly products? How about turning the rounds into beef jerky at \$12 or more per pound?

You can get price spreads for typical wholesale cuts from the USDA. It produces a beef cutout sheet every week that indicates prices for various beef primals or boxed parts are. The price spreads between the farm, wholesale, and retail outlets are also available.

The three Internet links provided below may be useful when pricing your beef. The first gives you a feel for where relative value is added along the production chain. The second may be useful in establishing individual cut prices. The boxed beef cutout values help establish traditional price

spreads between various cuts on the wholesale level. A spreadsheet may be used to develop a retail product list, to plug in corresponding wholesale cut price per pound, and then to apply a traditional retail markup of between 80 to 95 percent of the wholesale price. For example, a wholesale price for IMPS-112A rib of \$5.40 would yield my price for retail rib-eye steaks of \$9.99 per pound ($5.40 \times 0.85 + 5.40 = \9.99 per pound retail, at an 85 percent markup). A packer/processor should be able to assist you to identify where retail cuts are coming from with regard to the IMPS boxed beef codes and prices.

Organic Pricing

The steps so far pertain to the commodity beef level. The next step is to look at the organic beef situation. Many think that there should be an additional mark-up for organic production. In reality, additional costs incurred due to organic compliance should already be built in. This is why you must know from the onset what your unit cost of production is. The organic cost should already be included in the cost to produce a calf. The organic processing is also incorporated.

The intrinsic value of organic beef is subject to local market conditions, because in most instances—especially in larger metro areas—organic products have a market. In rural areas, the organic premium, or even a slight increase in value due to being farm-raised, might not be possible. This is where market research comes in. Is the intended market ready for organic beef? Is the customer base large enough for your intended production?

Keys to Pricing

Adjust the retail markup on the beef so that when a total value is calculated for an individual carcass, the average value per pound is at or above your break-even price per pound. If the calculated average price per pound is above break-even, then you have some real profit, but only if you have truly accounted for labor and management in your break-even pricing calculation. That

Monthly price spreads for meat

www.ers.usda.gov/briefing/foodpricespreads/meatpricespreads/

Weekly boxed beef prices

www.ams.usda.gov/mnreports/LM_XB459.txt

Retail prices

www.retail-lmic.info/CD/StandardReports/BLSTable2.htm

Paper on carcass breakdown

www.ansi.okstate.edu/research/1996rr/6.pdf

Another beef breakdown chart

www.beefretail.org/documents/Wholesale%20Pricing%20Chart%20082004.pdf

For assistance identifying cuts and where they come from

www.beeffoodservice.com/Cuts/Default.aspx

profit margin is an important number to remember as you make changes in the system. Let's say, for example, a retail grocer is willing to carry organic meat for 15 percent of the retail price, and your margin is 20 percent. You have room under the existing pricing structure to participate without re-pricing all your product. The question becomes, what level of profit are you happy with, and when does it become necessary to adjust prices?

The information from the Carcass Breakdown paper (see box above) helps determine average total carcass values from the average weights for each cut as a percent of the carcass. Another method is to conduct cut-outs on some of your own carcasses to see what the actual retail yield for various cuts might be and use those figures to calculate the price. Of course, real data on your own cattle, with your processor, yields the best results. If you use the research report data,

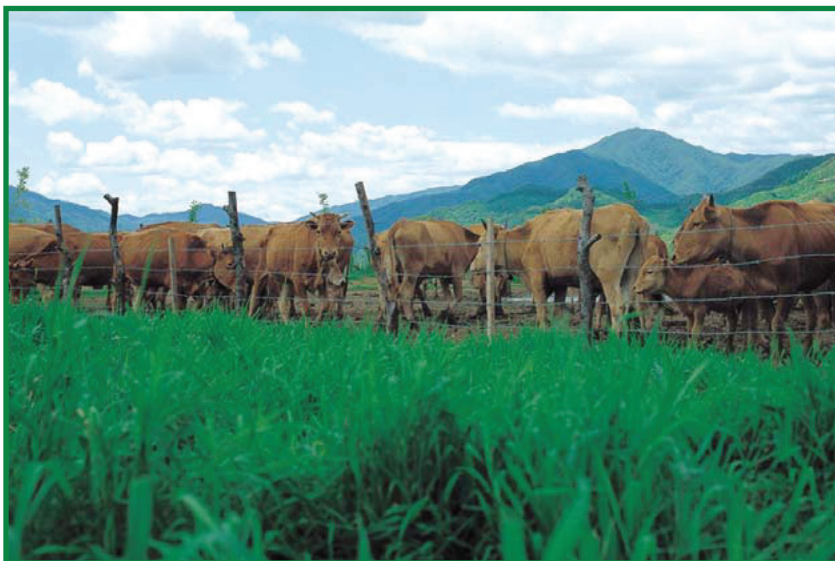
you may have to tweak the pricing scheme as you gather some of your own data.

Once you have a pricing schedule, the next question is whether the intended market will purchase beef at those prices. If prices are marketable, then proceed with your marketing plan. If the calculated prices won't fly with consumers, then re-evaluate inputs to reduce prices while you explore other marketing options. Or, accept what you are currently doing as the best alternative, given the situation. A move up the food production chain is not always a guaranteed way to go. But by going through a detailed planning process, you have better information upon which to base a decision.

For more pricing information, an Excel spreadsheet based on data from the SARE Whole Farm Planning Project is available to create a retail pricing chart. The spreadsheet uses traditional price spreads for various cuts of beef. The spreadsheet allows you to use your own cut data, determine retail mark-up, and calculate an estimate of total retail value for a carcass. This planning tool can be used to develop retail prices, determine profit or loss per carcass, and calculate various product line-up scenarios prior to putting a carcass in the box.

Conclusion

Shortcomings of the conventional marketing system have made the time ripe to return to marketing beef directly from ranches to consumers. Niche marketing can sometimes give the farmer a larger share of the food dollar and a higher return on each unit sold. Adding value or marketing some minimally processed farm products directly to the consumer may be a way to enhance financial viability. While successful direct marketing may or may not increase profits, it will provide protection from fluctuating live-market prices. However, direct marketing is a labor-intensive job, demanding time, effort, creativity, ingenuity, sales expertise, and the ability to deal with people in a pleasant and positive manner. Producers must be absolutely sure they are ready for the job.



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Resources

Conventional Marketing

Managing for Today's Cattle Market and Beyond
<http://ag.arizona.edu/arec/wemc/TodaysCattlePub.html>

A collection of 56 Extension reports relating to all aspects of today's conventional cattle market, put together by the Western Extension Marketing Committee. Topics include retained ownership, cooperatives, the cattle market environment, developing a market plan, comparing your market opportunities, and many others. Adobe Acrobat Reader is required to view this document on-line. Full set of print copies are available for \$26 each.

Livestock Marketing Information Center
Attn: Laura Lahr
655 Parfet St., Suite E310
Lakewood, CO 80215-5517
720-544-2941 • 720- 544-2973 FAX
laura@lmic.info • www.lmic.info

Market Advisor with Harlan Hughes, PhD
<http://livestock.beef-mag.com/home/index.htm>
Contact Prof. Hughes at 701/238-9607 or e-mail harlan.hughes@gte.net

A North Dakota State University professor emeritus Harlan Hughes writes "Market Advisor," a monthly column in BEEF magazine, and he makes presentations at many state, regional, and national beef industry events

He retired as the NDSU Extension livestock economist in 2000 and now lives in Laramie, Wyoming

Alliances/Cooperative Marketing

USDA Rural Development/ Cooperative Services
Stop 3250

Washington, DC 20250-3250

202-720-7558

coopinfo@rurdev.usda.gov

www.rurdev.usda.gov/rbs/coops/cswhat.htm

The goal of the Cooperative Services program of USDA's Rural Business-Cooperative Service (RBS) is to help rural residents form new cooperative businesses and improve the operations of existing cooperatives. To accomplish this, Cooperative Services provides technical assistance to cooperatives and those thinking of forming cooperatives. It also conducts cooperative-related research and produces information products to promote public understanding of cooperatives

New American Farmer

www.sare.org/publications/naf/index.htm

Collections of in-depth interviews with farmers and ranchers describing sustainable farm operations around the country. In addition to describing successful farming practices, the features in The New American Farmer detail the effects of those practices on farm profitability, quality of life, rural communities, and the environment

Diana and Gary Endicott, Rainbow Farms,
Bronson, Kansas

www.sare.org/publications/naf2/endicott.htm

Raising "natural" beef and getting a premium. After moving to Kansas to run their own ranch, Diana and Gary Endicott sought a way to produce beef in a way that would reflect their principles and provide them with a premium price

Retained Ownership

Cattle-Fax

P.O. Box 3947

Englewood, CO 80155

303-694-0323 or 800-825-7525

cfax@cattle-fax.org • www.cattle-fax.com

The newly released Retained Ownership Analysis Ninth Edition, (2004) is a 68 plus-page report providing detailed analysis on 20 different marketing programs for spring and fall calves beyond weaning. To analyze your potential for taking calves through one or more levels of retained ownership, the 20-year case study provides prices, results, averages, and commen-

taries on the different programs illustrated. Cow/calf producers have more marketing alternatives than cattlemen in any other segment of the cattle industry and will find this analysis both resourceful and beneficial in their decision making. Available for \$20 for Cattle-Fax members, \$40 for non-members

BEEF Magazine

7900 International Dr.

Suite 300

Minneapolis, MN 55425

952-851-9329 • 952-851-4601 FAX

beef@primediabusiness.com

http://beef-mag.com/mag/beef_alliance_listings/

Spreadsheet to evaluate retained ownership vs sell at weaning by Bob L. Larson, PhD, University of Missouri Outreach and Extension, Commercial Agriculture Beef Focus Team

<http://agebb.missouri.edu/commag/beef/downloads.htm>

A downloadable Excel spreadsheet to assist in evaluation of marketing options related to retained ownership of cattle past traditional weaning versus selling at weaning

Retained Ownership Strategies for Cattlemen, by Ernest E. Davis, James McGrann, and James Mintert. 1999. Texas Agricultural Extension Service. The Texas A&M University System. Bulletin L-5246. <http://tcebookstore.org/tmppdfs/2884639-L5246.pdf>
Call 888-900-2577 for a \$1.25 printed version.

Niche and Direct Marketing

Direct Marketing

This free ATTRA publication covers the importance of marketing, market research, niche marketing, value-added marketing, pricing, promotion, and more, and includes a list of further resources. Contact ATTRA for a free copy.

How to Direct Market Your Beef, by Jan Holden.

2005. Sustainable Agriculture Network. 98 p.

www.sare.org/publications/beef/beef.pdf

Wisconsin Grazing Study

www.cias.wisc.edu/archives/2006/02/15/grazing_in_the_dairy_state/index.php

A new report from the UW-Madison Center for Integrated Agricultural Systems (CIAS) compares production systems, technology, labor, and performance. Case studies are also available.

Natural Beef: Consumer Acceptability, Market Development, and Economics, by Annette Levi, Dave Daley,

Steve Blank, and Glenn Nader. UC SAREP 1996–97
Research and Education Report.

www.sarep.ucdavis.edu/grants/reports/nader

For a print copy of this report, contact:

Glenn Nader

University of California Cooperative Extension

142-A Garden Highway

Yuba City, CA 95991

530-822-7515

ganader@ucdavis.edu

Salad Bar Beef, by Joel Salatin. 1995. 368 p.

Joel Salatin, author of Pastured Poultry Profits, gives his step-by-step system of producing clean, healthy, humanely raised, unstressed beef on pastures that are smorgasbord salad bars rather than just grass. In his lively, articulate, and insightful writing style, Salatin details his tried and proven method that can change the way we raise beef. Available for \$30 plus s/h (S&H charges \$5/1 book, \$6/2 books, \$7/3 books).

Good Earth Publications

20 GreenWay Place

Buena Vista, VA 24416

800-499-3201 • 540-261-8775 FAX

titles@goodearthpublications.com

The Legal Guide for Direct Farm Marketing, by
Neil D. Hamilton. 1999. 235 p.

An up-to-date, well-written primer on all the legal considerations related to direct marketing of agricultural products. Underwritten by a USDA SARE grant. Includes a chapter on marketing of meat. This publication is available for \$20 through the Agricultural Law Center. Please include your name, address, and phone number. Someone will contact you to finalize billing information. Volume discounts may apply.

Karla Westberg

The Agricultural Law Center

The Law School

Drake University

2507 University Avenue

Des Moines, IA 50311

515-271-2947

karla.westberg@drake.edu

www.statefoodpolicy.org/legal_guide.htm

From The Carcass To The Kitchen: Competition And
The Wholesale Meat Market, by Marty Strange and
Annette Higby. 1995. 52 p.

A hard-hitting look at the components of meat marketing and what they mean for farmers. The report addresses how wholesale meat is priced, changes in

the retail grocery market, who has market power, legal issues regarding anti-competitive behavior, and policy recommendations. A summary of the findings of Competition and the Livestock Market is appended. #Y7, \$10.00

Center for Rural Affairs

145 Main St

P.O. Box 136

Lyons, NE 68038-0136

402-687-2100 • 402-687-2200 FAX

info@cfra.org • **www.cfra.org**

AgMRC – Ag Marketing Resource Center

www.agmrc.org/agmrc/commodity/livestock/beef

A national information resource for value-added agriculture

USDA Farmer Direct Marketing Web Site

www.ams.usda.gov/directmarketing

A national directory of farmers markets and direct market resources by state.

Economic Issues with Natural and Organic Beef

www.oznet.ksu.edu/library/agec2/mf2432.pdf

There are some risk-management issues with natural and organic beef production that should be considered by producers. Study report from Kansas State University. Michael Boland, Elizabeth Boyle, and Christy Lusk. 1999. MF-2432.

Organic Beef

Organic Certification

Several free ATTRA publications cover the various aspects of organic beef production, including legal requirements, new federal standards, types of programs, and a comprehensive listing of state, national, and international certifying organizations. Contact ATTRA for free copies or visit the ATTRA Web site at <http://attra.ncat.org>.

Titles include:

Organic Livestock Systems Workbook

Organic Certification and

the National Organic Program

Organic Livestock Documentation Forms

Organic Compliance Checklist

Transitioning to Organic Production

National Organic Program, USDA

Richard Mathews

Program Manager

USDA-AMS-TMP-NOP

Room 4008-South Building

1400 Independence Avenue, SW
Washington, DC 20250-0020
202-720-3252 • 202-205-7808 FAX
www.ams.usda.gov/nop/indexNet.htm

The Certified Organic Food Directory 2004

The Certified Organic Food Directory was published January 1, 2004. A comprehensive directory of producers and commodities, manufacturers and products, wholesalers, brokers, machinery and materials, service providers, support organizations, and certification bodies. More than 5,000 detailed listings and the care taken in the presentation of the information makes COFD the best supplier and resource guide to the U.S. organic industry today. Printed copies are \$25, which includes one-year access to the on-line version. On-line only access for \$15. Order on-line at www.naturalfoodnet.com, or by calling 650-286-4180.

Upper Midwest Organic Resource Directory

<http://www.mosesorganic.org/umord/directory.htm>

A user-friendly reference that provides quick access to resources about organic agriculture in the Upper Midwest. The Directory identifies resource groups, certification agencies, suppliers, buyers, processors, consultants, publications and events in seven states: Illinois, Iowa, Michigan, Minnesota, North Dakota, South Dakota and Wisconsin.

Pasture-Finished Beef and Grass Farming

The following ATTRA publications are available free of charge:

- **Sustainable Beef Production.** Grazing and feeding options, low-stress handling, alternative parasite control.
- **Beef Farm Sustainability Checksheet.** Assessment tool to help plan a whole farm in which beef production is a major enterprise. Management of animals, forage, soil, watershed, marketing, economics, and goal-setting are addressed in the 200 questions.
- **Rotational Grazing.** How to manage pastures and grazing animals to more profitably employ the farm's resources.
- **Pastures: Sustainable Management.** Managing fertility and pests, grazing systems, conserved forages, maintaining productivity, additional resources.
- **Nutrient Cycling in Pastures.** Examines elements of pasture ecology, including soil organisms,

plants, and animals. Discusses their interactions and ways to enhance nutrient cycling with minimal losses to air or water.

- **Meeting the Nutritional Needs of Ruminants on Pasture.** Impact of grazing management on nutrition, supplemental feeding on high quality pasture, feed profiling, feed budgeting, matching livestock and forage resources for efficient pasture use.
- **Matching Livestock and Forage Resources in Controlled Grazing.** Grazing objectives, maintaining botanical balance, encouraging rapid growth, compromising between yield and quality, minimizing mowing, producer goals.
- **Paddock Design, Fencing and Water Systems for Controlled Grazing.** Basics of paddock design, considerations in fencing and water technology, many enclosures.
- **Assessing the Pasture Soil Resource.** How to take a soil sample and an easy way to assess soil biological activity and water infiltration. Assessment sheet included.

Whole Farm Planning for the Production of Grass-Fed Beef

www.sare.org/reporting/report_viewer.asp?pn=LS00-113

Southern SARE Sustainable Agriculture Research and Education Project #LS00-113.

American Farmland Trust

www.grassfarmer.com

American Farmland Trust's information site on grass-based farming systems. Grassfarmer.com brings online visitors information on a variety of topics related to grazing and grass farming. Be sure to check out the many links to further grazing information online.

Pasture Perfect, by Jo Robinson. 2004. 160 p.

Pasture Perfect starts where Robinson's earlier book, Why Grassfed Is Best, left off. It provides updated information and a deeper understanding of the many benefits of grass-based farming. Learn why the meat, eggs, and dairy products of grass-fed animals are safer and more nutritious than conventional food, and why this new/old way of ranching safeguards the environment, supports local farmers, and creates natural living conditions for the animals.

Pasture Perfect includes 62 farm recipes from people on the Eatwild.com Supplier's List. Try these recipes and benefit from their years of experience in bringing out the flavor and tenderness of pasture-raised products.

*Available only at the Eatwild Bookstore,
www.eatwild.com, or by calling toll-free (U.S. only)
866-453-8489.*

The Stockman Grass Farmer
P.O. Box 2300
Ridgeland, MS 39158-9911
601-853-1861 • 800-748-9808
www.stockmangrassfarmer.com/sgf

Published monthly. \$32/1 year; \$58/2 years. The following books by SGF editor Allan Nation are available from the magazine. Call the number above for prices and ordering information.

Farm Fresh. Increase Your Profits by Direct Marketing Meat & Milk. 2002. 256 p.

Pasture Profits with Stocker Cattle. 1992. 224 p.

Paddock Shift: Changing views on grassland farming. 1997. 192 p.

Food Safety and Inspection Service (FSIS)
General information.
www.fsis.usda.gov/index.asp

Checklist for Mandatory Features on a Label
[www.fsis.usda.gov/regulations_&_policies/
Mandatory_Label_Features/index.asp](http://www.fsis.usda.gov/regulations_&_policies/Mandatory_Label_Features/index.asp)

Labeling and Establishment Responsibilities
[www.fsis.usda.gov/regulations_&_policies/
establishment_responsibility/index.asp](http://www.fsis.usda.gov/regulations_&_policies/establishment_responsibility/index.asp)

Animal Raising Claims
[www.fsis.usda.gov/OPPDE/iar/Claims/
RaisingClaims.pdf](http://www.fsis.usda.gov/OPPDE/iar/Claims/RaisingClaims.pdf)

FSIS Technical Service Center
Suite 300, Landmark Center
1299 Farnam Street
Omaha, NE 68102
402-221-7400 • 800-233-3935 (toll-free Hotline)
402-221-7438 FAX
TechCenter@fsis.usda.gov

The TSC serves as the Agency's center for technical assistance, advice, and guidance.

Product Labeling

Correspondence about labeling and additives policy should be addressed to:

USDA, FSIS, OPPED
Labeling and Consumer Protection Staff
1400 Independence Avenue, SW
Room 602 - Annex Building
Washington, DC 20250-3700

Correspondence about label applications sent by the U.S. Postal Service (including U.S. Priority Mail and U.S. Overnight Mail), and Express Mail (not connected with the U.S. Postal Service), should be addressed as follows

USDA, FSIS, OPPED
Labeling and Consumer Protection Staff
1400 Independence Avenue, SW
Room 614 - Annex Building
Washington, DC 20250-3700

Correspondence about label applications may be faxed to the Labeling Compliance Team. Please provide a cover sheet indicating the reason for the fax.

Label applications from small businesses will be accepted, provided the labeling is legible. Also, provide the required number of copies in proper sequence, with application form FSIS Form 7234-1 (PDF only) and label.

FSIS Form 7234-1: Label Application form can be found at www.fsis.usda.gov/fsisforms/7234-1.pdf, or call 202-205-0145, or fax 202-205-0271.

For any questions pertaining to labels or labeling please call 202-205-0623 or 202-205-0279.

HACCP Guidance

[www.fsis.usda.gov/Science/HACCP_Resources_Brochure/
index.asp](http://www.fsis.usda.gov/Science/HACCP_Resources_Brochure/index.asp)

Mary K. Cutshall
Small and Very Small Plant Outreach
USDA/FSIS
Aerospace Bldg., 3rd Floor, Room 405
14th and Independence Ave., SW
Washington, DC 20250
202-690-6520
202-690-6519 FAX

Free materials on HACCP can be ordered using the above Web address, phone number, or FAX.

Hazard Analysis and Pathogen Reduction
[www.fsis.usda.gov/Science/Hazard_Analysis_&_
Pathogen_Reduction/index.asp](http://www.fsis.usda.gov/Science/Hazard_Analysis_&_Pathogen_Reduction/index.asp)

HAACP Based Inspection Models and Implementations
[www.fsis.usda.gov/Science/HACCP_Based_Inspection_
Models/index.asp](http://www.fsis.usda.gov/Science/HACCP_Based_Inspection_Models/index.asp)

FSIS has prepared several documents to help plants develop and set up their HACCP systems

FSIS Compliance Assistance – HACCP Guidance
[www.fsis.usda.gov/regulations_&_policies/HACCP_
Guidance/index.asp](http://www.fsis.usda.gov/regulations_&_policies/HACCP_Guidance/index.asp)

Includes information on hazard identification, lethality and stabilization standards, basic guidelines, standard sanitation operating procedures, and model plans

USDA Meat & Poultry Hotline: 800- 233-3935

Alternative Beef Producers/Marketers

CROPP Cooperative/Organic Valley
507 W. Main St.
La Farge, WI 54639
888-444-6455
www.organicvalley.com

Polyface, Inc.
Joel Salatin
Rt. 1 Box 281
Swoope, VA 24479
540-885-3590

Laura's Lean Beef
2285 Executive Drive, Suite 200
Lexington, KY 40505
800-487-5326
www.laurasleanbeef.com

Coleman Natural Products, Inc.
5140 Race Court, Suite 4
Denver, CO 80216
800-442-8666, (8 a.m. to 4 p.m. Mountain Time)
www.colemannatural.com

Napa Free Range Beef
Davies & Gamble, LLC
P.O. Box 670
St. Helena, CA 94574
866-661-9181
www.napafreerangebeef.com

Conservation Beef
P.O. Box 748
Helena, MT 59624
406-495-8653
www.conservationbeef.org/index.html

Van Wie Natural Foods
6798 Route 9
Hudson, NY 12534
518-828-0533
www.vanwienaturalmeats.com

Ervin's Natural Beef
128 E. 19th Street
Safford, AZ 85546
520-428-0033

Lasater Grasslands Beef
Matheson, CO 80830
Within Colorado 1-719-541-2855
Outside Colorado 1-866-454-2333
www.lasatergrasslandsbeef.com

Homestead Healthy Foods
25 Thunderbird Road
Fredericksburg, TX 78624
830-997-2508
www.homesteadhealthyfoods.com

Ozark Pasture Beef
P.O. Box 3005
Fayetteville, AR 72702
479-283-3411
www.ozarkpasturebeef.com

Grassland Beef /U.S. Wellness Meats
R.R. 1, Box 20
Monticello, MO 63457-9704
877-383-0051 (toll-free)
573-767-8337 FAX
eathealthy@grasslandbeef.com
www.grasslandbeef.com

Dakota Beef, LLC
980 N. Michigan Ave., Ste. 1400
Chicago, IL 60601
312-214-4991
www.dakotabeefcompany.com

Some producers and marketers of natural and grass-fed beef products who are willing to share information:

Debbie Hawkins
Saguaro-Juniper Natural Beef
P.O. Box 1884
Benson, AZ 85602
520-212-4769
dhawkins@theriver.com

Tom and Martha Mewbourne
Thorntree Farm
Route 2, Box 776A
Nickelsville, VA 24271
276-479-3057
ttfarm@mounet.com

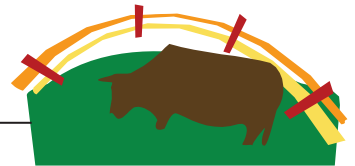
Rob and Alanna Reed
Overlook Farm
233 Spruce Rd.
Karns City, PA 16041
724-756-0540

Mike, Jennifer, and Johanna Rupprecht
Earth-Be-Glad Farm
R.R. 2 Box 81
Lewiston, MN 55952
507-523-2564

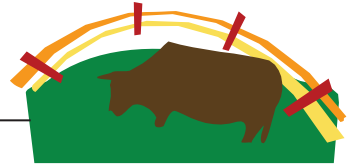
David Schafer and Alice Dobbs
Schafer Farms Natural Meats
760 SW 55th Ave.
Jamesport, MO 64648
660-634-6035
www.schaferfarmsnaturalmeats.com

Kent and Lisa Shipe
Rt. 1 Box 423
Mathias, WV 26812
304-897-5136

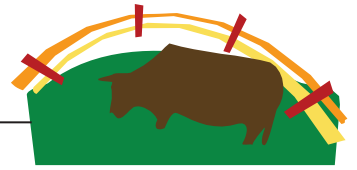
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Beef Marketing Alternatives

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Paul Driscoll, Editor
Amy Smith, Production

This publication is available on the Web at:
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