

Marketing Slaughter Goats and Goat Meat Products in the United States

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Introduction

The survivability of our US meat goat industry is dependant on improving its accessibility and desirability to the huge base of goat meat enthusiasts right here in the US. National goat meat consumption has grown sharply. The goat slaughter rate at USDA inspected facilities climbed from 207,893 goats in 1991 to 595,501 goats in 2002 and 647,000 goats in 2003. Imports from our largest importer, Australia, increased from approximately 3 million pounds in 1990 to 17 million pounds in 2003. Assuming a 40 lb carcass, which is the largest carcass popular with most importers, this equals a minimum of 425,000 more goats.

Who is our customer?

Increased consumption is driven by the popularity of goat meat with the diverse ethnic groups that immigrate yearly to the US. The popularity of goat meat with immigrants is not new. In the past, many of us immigrated to the US from countries where goat meat was popular. However, the perceived scarcity of goat meat in the US and the melting pot mentality discouraged people from holding on to their goat meat traditions. In recent years, we've seen a switch in philosophy to one that encourages people to celebrate their diverse cultural backgrounds. The introduction of South African Boer goats into the US received major publicity and helped make city dwellers more aware of the availability of goat meat. Approximately 10% of the US population is foreign born with ~51% of these first generation immigrants coming from Latin American and a substantial percentage of the remainder identifying themselves as Muslim. Most immigrants settle initially in metropolitan areas making it relatively easy to concentrate goat meat marketing in these areas. The Northeast US accounted for only 4.5% of the total US goat population in the 2002 Agricultural Census. However, due to the high concentration of recent immigrants in Northeast cities, the same region accounted for 47.5% of the goats slaughtered in federally inspected slaughterhouses. The low income base of many newly immigrated families, particularly refugees, initially suggests that pursuing these markets will tie farmers into a low price/low value product. People on a tight income may be attracted more to cull animals and to frozen, imported goat meat.

Australian and New Zealand supply a major portion of the imported goat meat sold commercially in the US. This market has been growing at an annual rate >30% since approximately 1990 and has been able to piggy-back on Australian and NZ lamb industries. With the help of US investors, Australia and NZ have been able to develop highly professional, centralized in-country slaughterhouses specifically for lamb export

purposes. Companies like Australian Meat Holdings have been able to hold farmers to a consistent product, while compulsory government health programs have helped encourage some uniformity of management. It has been easy to include goats in these same processing and marketing enterprises. Furthermore, as part of the British Commonwealth, Australia and NZ have previous experience establishing substantial goat meat export markets to other Commonwealth nations (for example, Jamaica and India). Taiwan has traditionally been the largest importer of Australian goat meat. However, goat meat exports from mainland China to Taiwan are starting to take a substantial portion of this market share. The strength of the US dollar is still sufficient to make it unlikely that we can compete profitably with Australia let alone China for these export markets. Rather, we need to ensure that locally produced goat meat is viewed as more desirable than imported product by US consumers.

It is estimated that approximately 90% of the goat meat imported from Australia is harvested from extensively managed “feral” goats. Quality may be inconsistent and these enterprises are generally not viewed as a lucrative, growing trade. Carcasses are shrouded in plastic or boxed as 6 primal cuts (“6 packs”) and frozen and transported by boat to the US. A benefit of this less expensive, year round product is that it keeps families in the habit of consuming goat meat. However, a growing portion of Australian and New Zealand goat meat is available as flown-in cryovaxed fresh carcasses and retail cuts from export slaughterhouses that have been approved for USDA federal inspection. United States goat producers need to come up with serious rationale for why our own “homegrown” consumers should choose our goat meat over fresh imported product.

Luckily, many families become upwardly mobile as they establish themselves in the US. Even people on a tight budget prefer to splurge for locally slaughtered goats for weddings, funerals, and special feasts. There is also a strong trend in the US for the consumption of farm fresh product. Much of the focus of the US goat meat industry should be on making it easier for consumers and processors to obtain the goat meat product they desire year round. We need to insure that the children of immigrants are encouraged to continue these dietary preferences. It is counterproductive if goat meat is available only sporadically, specific carcass preferences are ignored, people are made to feel unwelcome when seeking out goat meat through established channels, or if our marketing infrastructure collapses in on itself and offers all of us fewer marketing choices. We do not need to limit ourselves to seeking out only an “ethnic” market but we better make sure that we nourish and acknowledge this market as the base of our existing demand.

Improving our accessibility

How do we make product available year round? Right now, we are probably lucky to have a supply of Australian goat meat for consumers to fall back on when US meat is scarce. However, this encourages distributors to abandon the US industry completely and market exclusively imported product. If we plan on expanding our US goat herd (and as we all know, goats multiply quite easily), we need to develop a base of producers who are willing to manage their herds more intensively either through accelerated breeding cycles or staggered kiddings to provide product more reliably year round. This is hard to do. Most of us are inclined to target peak demand times such as the

Easter and winter holiday seasons, and Ramadan Id al Alha with their accompanying higher (sometimes) prices.

How do we make product easy to find? The events of September 11th and subsequent compulsory check-ins for immigrant men from certain countries have inadvertently resulted in many ethnic customers maintaining a very low profile. Where people might have felt comfortable stopping unannounced at your farm to ask if those goats in the front pasture are for sale, the same families may be very reticent today. We need to be assertive about finding new ways to contact different cultures about local availability of goat meat. Visiting mosques and foreign student associations, handing out business cards at auctions, sending press releases about their farms to cultural news journals and establishing on-farm live animal markets are some actions producers have taken.

How do we provide sufficient supply even for special holidays? As producers, more of us need to group together to pool animals for sale. These groupings do not need to be formal cooperatives particularly if they are 1) targeting one particular distributor and 2) the products are live slaughter goats. In order to easily locate dealers, distributors, packers, processors and transportation, we need to encourage the accumulation of web based marketing services directories across more regions than just the Northeast US. The number of smaller USDA slaughterhouses willing to slaughter sheep and goats are decreasing at an alarming rate. Helping to publicize these USDA slaughterhouses is crucial. Having easy places for producers to find contact information for buyers also increases our accessibility. However, many producers do not have the time to seek out buyers and investigate their credit status. Many buyers are also hesitant to deal direct. The development of large, graded sales where goat kids are grouped according to weight, age, and condition for a multitude of buyers is also very important. As part of this we need more sales willing to sell goats by the pound and more sales where prices paid are put on public record by a disinterested third party.

Improving our desirability

Bob Herr, a popular order buyer at the New Holland Sale, likes to say that there is a customer for every goat, a goat for every customer. It is important that producers educate themselves about the types of goats that are popular for various seasons. It is also important for producers to communicate well with their buyers to make sure they are accurately representing their animals and matching the animal to the market demand. This does not mean that the market is stagnant or does not appreciate some education from producers themselves. Many of us who market direct have experienced customers who initially were leery of meatier, possibly fatter, Boer X carcasses and then became more impressed upon seeing the carcasses hung next to a dairy breed or Spanish goat carcass. Many immigrant customers desire a tender, younger meat once both the husband and wife are working and faster cooking dinners become a priority. However, knowing how to contact and communicate with buyers and getting educated about the market is a first step in meeting customer desires.

Many ethnic customers are proud of their ability to judge the carcass suitability of a live animal. New York City has a long history of live poultry markets and in recent years many of these have expanded to include small ruminants. An animal can be purchased at them and then slaughtered at the on-site custom slaughterhouse. This is one market that Australia cannot compete with us for. However, state departments of agriculture may not be aware of the importance of these markets and could subject them to excessive regulation. Organizing annual meetings between state agriculture officials and representatives from statewide lamb and goat producer associations may help these agencies stay in touch with industry priorities. Live animal markets generally provide a wide range of animals to satisfy the diverse market demands of various cultures. In states where they are permitted, they provide a way for city dwellers to insure their own quality standards.

Desirability and acceptability of goat meat products for the general US public will be improved if slaughterhouses with religious exemptions handle animals as humanely as possible. As producers, we need to exert pressure on Halal slaughterhouses to adopt humane restrainers based on Temple Grandin designs.

Marketing strategies to get a bigger piece of the pie

There are many marketing strategies that producers can adopt to reap more of the market share of their goats. Almost all of these require an investment in extra labor and/or capital on the part of the producer.

One of the easiest marketing strategies is pooling. This is the gathering of animals from several farms together at one centralized pick-up point to offer a buyer a sufficient supply of animals. Arrangements need to be made for one person to represent all of you in negotiating price and to assign or pay a person to insure that animals meet the quality standards of the buyer.

In fall '2002, the Northeast Sheep & Goat Marketing Program at Cornell University helped link a pool of producers up with a live animal market in NYC. This live animal market had its own livestock truck and was thus able to deal directly with producers. Farmers were paid \$1.15/lb live weight for weaned kids weighing 55 to 100 lbs minus an estimated 4% shrink. The buyer also paid \$.85/lb live weight for cull does minus 4% shrink. The arrangement was sustained through the winter and early spring but eventually folded. Problems arose because 1) producers were unable to provide sufficient quantity of consistent product year round, 2) shrinkage loss was very variable from one type of animal to another (for example, fat cull does versus recently weaned kids), 3) the buyer could not find a reliable driver and thus trucked himself and had to justify his time away from his business, 4) the marketing coordinator found it difficult to enforce quality standards if the buyer did not proactively speak out on questionable animals.

Another way to deal directly with buyers is to organize on-farm live animal markets. These work when farms are within commuting distance to metropolitan areas with large meat goat consuming populations. They are dependant on your state having a

relaxed interpretation of the exemption for custom slaughtering of farmer owned livestock. Similar to the NYC live animal markets, customers come on farm, purchase an animal and have it slaughtered at the on-farm slaughterhouse. These live animal markets often need to purchase animals from other farms to meet their demand. For example, a goat producer located between Buffalo and Rochester, NY found that despite raising approximately 150 kids from his own farm, he needed to purchase 490 goats from 17 other producers in 2003 for an average price of \$70.72 to meet the needs of his live market/custom slaughterhouse business. He also purchased 162 goats from local auctions averaging \$55.32 per goat.

Cuisine from goat consuming cultures has grown in popularity with an increasingly cosmopolitan U.S. mainstream population. The healthy profile of goat meat is also attractive to today's consumer. The goat cheese industry has done a lot to destroy the public's inhibitions against goat products and many people who pride themselves on a discerning palate are interested in trying goat meat. Producers can opt to market retail cuts direct to restaurants and consumers. A disadvantage of selling particular cuts to restaurants is the need to find a use for the rest of the carcass. Many ethnic restaurants, however, prepare recipes that use the whole carcass.

Selling direct to businesses on a year round basis is very labor consuming. It is best done either by producers who raise a diverse range of products and thus save time by marketing a multitude of products to each of their customers, by large producers raising goats fulltime, or by formal cooperatives. Another option is for a group of producers to get together and market directing to a buyer for one or two particular holidays each year when demand is high and may absorb their entire kid crop. Even when done by a cooperative, it is recommended that products be identified by farm name regardless of the overall brand. Many of the restaurants and retail stores interested in buying direct from farmers want to emphasize the actual farm source. A farmer or cooperative that breaks into the retail market or markets a branded product to distributors needs to insure that the price received will compensate them for the extra time needed to coordinate slaughter, processing, transportation and regular communication with buyers.

Tables 1 through 3 show actual prices received and expenses incurred for suckling Boer cross kids in 2004 through 3 different Northeast marketing channels. Table 1 represents an informal grouping of goat producers for Easter where one producer acts as coordinator and absorbs some of the costs himself. For example, the coordinator paid for all telephone calls associated with the shipments, purchased the plastic shrouds for wrapping carcasses, and steam cleaned and lined in plastic the stock trailer and pick-up trucks used to transport the carcasses. Dressing percentages ranged from 63% to 57 % although a few animals dressed as low as 50%. Cooler shrink from slaughterhouse to retail store ranged from 6.4% to 2.6%. Average carcass weight was 21 lbs. Farmers received returns of about \$1.73 to \$2.00 per lb live weight for kids weighing 30 to 55 lbs respectively. This did not include their transportation costs from farm to slaughterhouse. The previous year prices received from the same buyer were \$3.90/lb dressed carcass, slaughter fee was \$16 and price to transport carcasses through a refrigerated trucking company averaged \$5.00 per carcass.

Table 1. Prices received per pound live weight for Boer X suckling kids at Easter 2004 for an informal market pool in the NE US, assuming 57% dressing percentage (head on, organs hanging , hide off) and 4% cooler shrink.

Live weight, lb	Dressing %	Hot Carcass weight, lb	Shrink from hot to cold	Cold Carcass weight, lb	Price per lb	Price received	Slaughter costs	Transport costs	Net with transport	Live price, \$/lbwith transport
20	0.57	11.4	0.96	10.9	\$4.25	\$46.51	\$17.00	\$1.00	\$28.51	\$1.43
25	0.57	14.25	0.96	13.7	\$4.25	\$58.14	\$17.00	\$1.00	\$40.14	\$1.61
30	0.57	17.1	0.96	16.4	\$4.25	\$69.77	\$17.00	\$1.00	\$51.77	\$1.73
35	0.57	19.95	0.96	19.2	\$4.25	\$81.40	\$17.00	\$1.00	\$63.40	\$1.81
40	0.57	22.8	0.96	21.9	\$4.25	\$93.02	\$17.00	\$1.00	\$75.02	\$1.88
45	0.57	25.65	0.96	24.6	\$4.25	\$104.65	\$17.00	\$1.00	\$86.65	\$1.93
50	0.57	28.5	0.96	27.4	\$4.25	\$116.28	\$17.00	\$1.00	\$98.28	\$1.97
55	0.57	31.35	0.96	30.1	\$4.25	\$127.91	\$17.00	\$1.00	\$109.91	\$2.00

Table 2 shows an Easter marketing venture where a goat producer decided to become a middleman in 2004. Farmers were paid \$1.80 /lb live weight outright for kids weighing about 30 to 55 lbs. Live animal transportation costs by the dealer from the farms to the slaughterhouse averaged \$.10/lb live weight and carcass transportation costs from the slaughterhouse 30 miles to the retail buyer averaged \$.10/lb dressed weight including ice and gas but not tolls. Carcasses were transported in a refrigerated truck owned by a neighboring vegetable farmer or in ice packed coolers in the back of a pickup truck. Dressing percentages ranged from 54 % to 63 % (average 57 %). The average carcass weighed 24.5 lbs and resulted in a return to the dealer of \$18.27 for their phone calls, road tolls, labor, and capital investment.

Table 2. Prices received outright by farmers (paid \$1.80 /lb live weight). Return to “dealer” for Easter 2004 after accounting for some marketing expenses. Carcass is hide off/head on, organs hanging.

Live weight, lb	Price received by farmer	Live goat transport costs	Dressing %	Carcass weight, lb	Price per lb, cold carcass	Price received by dealer	Slaughter costs	Transport costs	Net minus expenses	Live price, \$/lb dealer	Total return to dealer
20	\$36.00	\$2.00	0.57	11.4	\$4.75	\$54.15	\$14.00	\$1.14	\$37.01	\$1.95	\$1.01
25	\$45.00	\$2.50	0.57	14.25	\$4.75	\$67.69	\$14.00	\$1.43	\$49.76	\$2.09	\$4.76
30	\$54.00	\$3.00	0.57	17.1	\$4.75	\$81.23	\$14.00	\$1.71	\$62.52	\$2.18	\$8.51
35	\$63.00	\$3.50	0.57	19.95	\$4.75	\$94.76	\$14.00	\$2.00	\$75.27	\$2.25	\$12.27
40	\$72.00	\$4.00	0.57	22.8	\$4.75	\$108.30	\$14.00	\$2.28	\$88.02	\$2.30	\$16.02
45	\$81.00	\$4.50	0.57	25.65	\$4.75	\$121.84	\$14.00	\$2.57	\$95.67	\$2.34	\$18.27
50	\$90.00	\$5.00	0.57	28.5	\$4.75	\$135.38	\$14.00	\$2.85	\$100.77	\$2.37	\$19.77
55	\$99.00	\$5.50	0.57	31.35	\$4.75	\$148.91	\$14.00	\$3.14	\$113.53	\$2.40	\$23.53

Table 3 illustrates a year round market for very plump suckling or weaned Boer kids weighing approximately 35 to 65 lbs through a farmers’ cooperative in Vermont. The cooperative received roughly \$5.25/lb dressed carcass from its retailer buyers in 2004. This money is paid back to farmers minus the slaughtering costs and a marketing fee of 26% or 22% of carcass price for non-members and members respectively. Farmers must take care of their own transportation to the slaughterhouse and there is a severe

penalty for carcasses that dress over 35 lbs. It is assumed in Table 3 that 70 and 80 lb goats are weaned and have a lower dressing percentage.

Table 3. Prices received by farmers through a NE marketing cooperative after accounting for marketing expenses. Carcass is hide off/head on, organs hanging.

Live weight, lb	Dressing %	Carcass weight, lb	Price/lb	Price received	Marketing Fee	Slaughter Cost	Cost to transport live animal	Total return to farmer	Live price, \$/lb farmer
30	0.57	17.1	\$5.25	\$89.78	\$23.34	\$15.00	\$5.00	\$46.43	\$1.55
40	0.57	22.8	\$5.25	\$119.70	\$31.12	\$15.00	\$5.00	\$68.58	\$1.71
50	0.57	28.5	\$5.25	\$149.63	\$38.90	\$15.00	\$5.00	\$90.72	\$1.81
60	0.57	34.2	\$5.25	\$179.55	\$46.68	\$15.00	\$5.00	\$112.87	\$1.88
70	0.52	36.4	\$3.70	\$134.68	\$35.02	\$15.00	\$5.00	\$79.66	\$1.14
80	0.52	41.6	\$3.70	\$153.92	\$40.02	\$15.00	\$5.00	\$93.90	\$1.17

Value-added products are another method farmers can use to receive a higher price for their product. However, heat-and-serve meals and the introduction of goat meat and processed cuts into large-scale retail grocery stores requires substantial capital investment. Marketing trim as sausage is a simpler process but the common incorporation of pork fat excludes the Muslim or Halal market. Given our reliable customer base, it is generally important to arrange Halal certification through the Islamic Food Nutrition Council of America (IFANCA) if introducing a product over a wide region.

The amount of capital needed to introduce new or branded products can often be obtained by a very large producer or a “new generation” marketing cooperative. Initial funding to help such cooperatives with their product development may be available through USDA value-added grants, Sustainable Agriculture Research and Education (SARE) grants, and state grants promoting local agriculture. Feasibility studies in areas where the demand for goat meat has already been established are probably not cost effective. However, simple surveys of price sensitivity and testing out what proposed products are of most interest to focus groups and distributors is well advised. Rarely does a co-op have the money to discard one processed product and develop another if investing initially in the wrong choice of product. Focus groups can be picked from goat cheese connoisseurs, patrons of upscale ethnic restaurants featuring lamb and goat, and representatives of goat-consuming cultures with an interest in ready-made meals. Coordination is easier if a cooperative initially forms from a small nucleus of producers that communicate well together. Extra animals can be purchased from nonmembers as long as there is a quality assurance program. The cooperative can be expanded later from this pool of reliable non-members.

Conclusion

The health of the goat meat industry hinges on our ability to sustain and expand a strong “cultural” market from our diverse base of US citizens rather than putting the majority of our marketing resources into trying to build an overseas export market. The

interest of an increasing portion of the general public in “ethnic” foods, goat products, lean meats and farm-fresh product can build upon this strong, already-present demand.

Anything we can do to make it easier for producers and buyers to locate each other and arrange necessary market logistics will help to maintain and expand our meat goat industry. Regional marketing service directories such as the Marketing Directory at <http://www.sheepgoatmarketing.info> are crucial, but funding is needed to update and expand them in a timely manner. Land grant institutions, cooperative extension staff, and producer associations can help educate new farmers about market preferences for different ethnic holidays and advantages and disadvantages of different marketing channels. Finally, we may need an industry-wide association focused on goat meat marketing issues. Such an association could determine how to effectively interact with the American Sheep Industry Association (ASI) on marketing and governmental regulations that impact both lamb and meat goat producers.