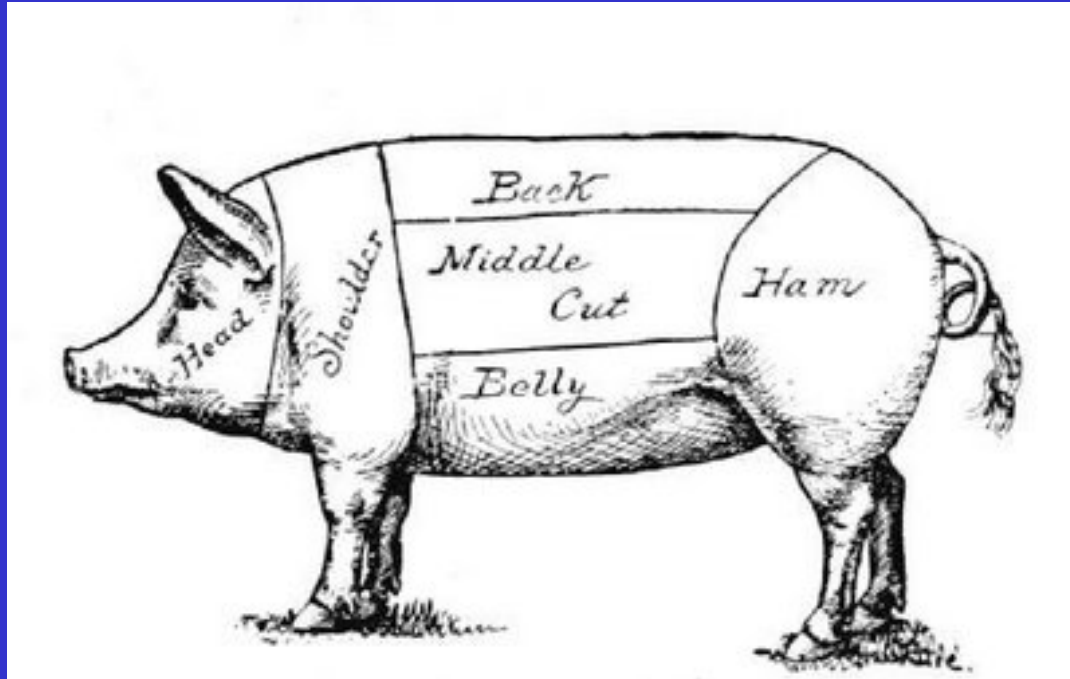


Northern California Niche Meats Demand Study



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Small Farm Program



Study Goal:

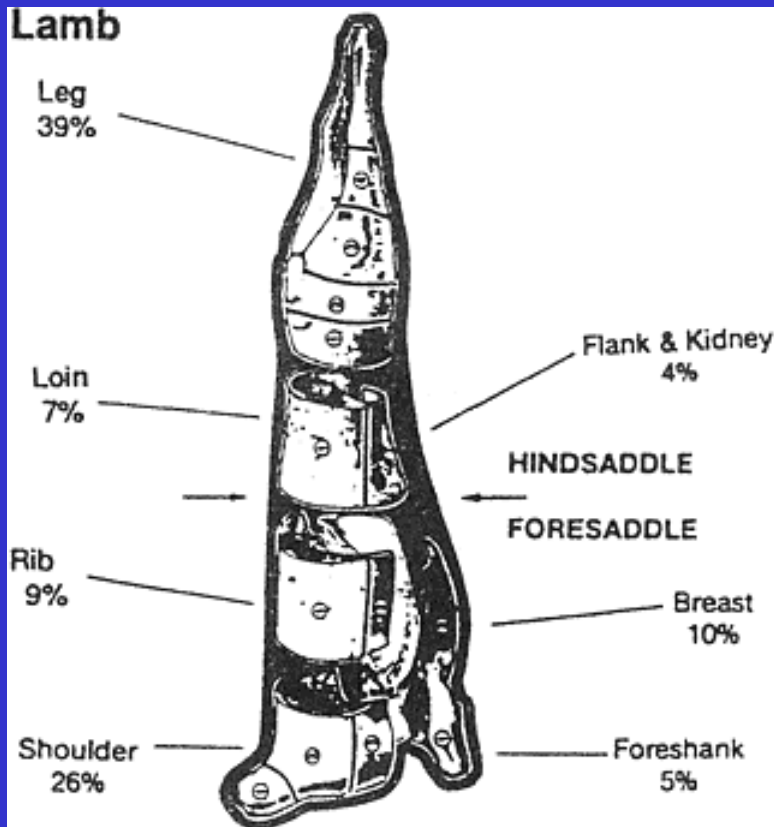
Assess market prospects for “niche” red meats in the San Francisco/ Sacramento region

- Naturally-raised
(no hormones/antibiotics)
- Certified organic
- Grass-fed
- Certified humane
- Local
- Kosher
- Halal



Methods

1) Structured interviews with three types of meat buyers:



- Retail grocers (n=15)
- Distributors (n=10)
- Restaurants & institutional food service providers (n=17)

Total N=42

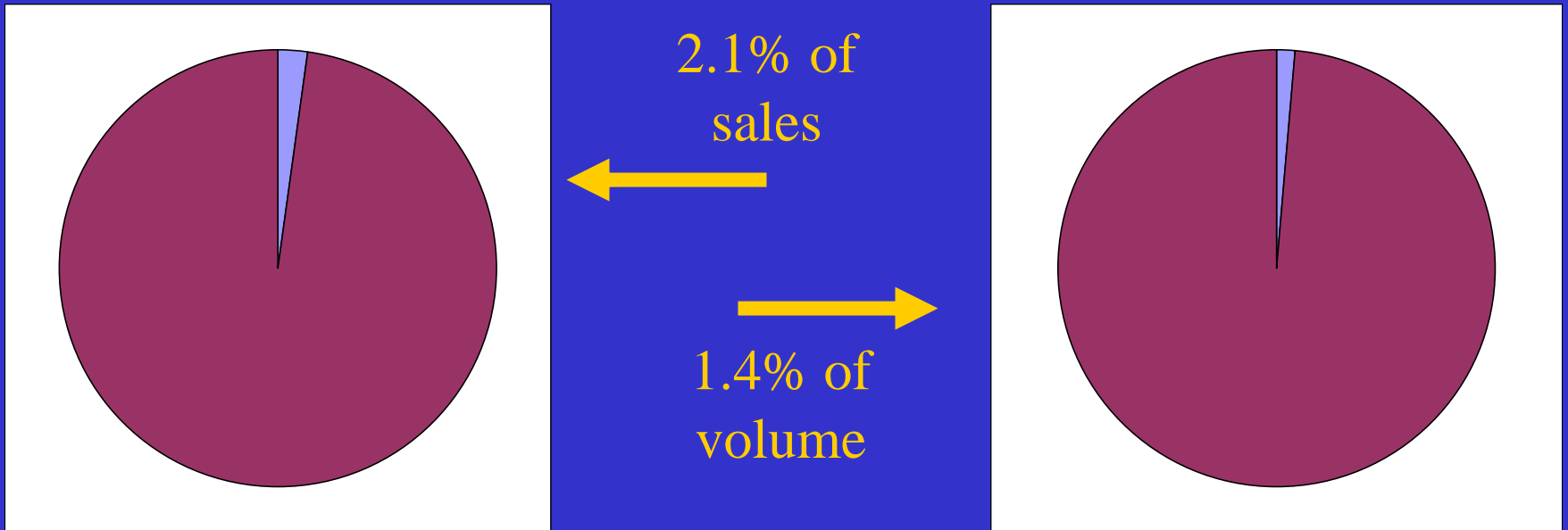
2) Reviewed current literature on niche meat market demand

National Market Research: Demand is Up

- Organic meat sales rose 140% from 2004 to 2006
- Natural and organic beef sales rose 28% from 2005 to 2006
- Why? Taste & freshness, nutrition & health benefits, animals healthy & well treated
- Consumers like local food: delivers freshness, taste, and quality; healthy; supports local farms

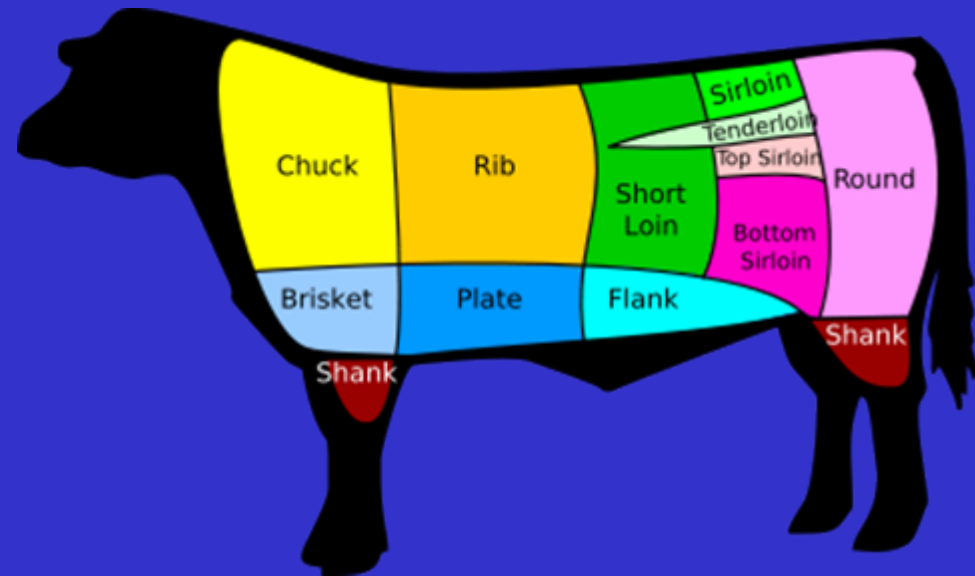
Niche Meat Supply Still Small

Only a thin slice of all beef in retail supermarkets is natural or organic (2007 Q1).



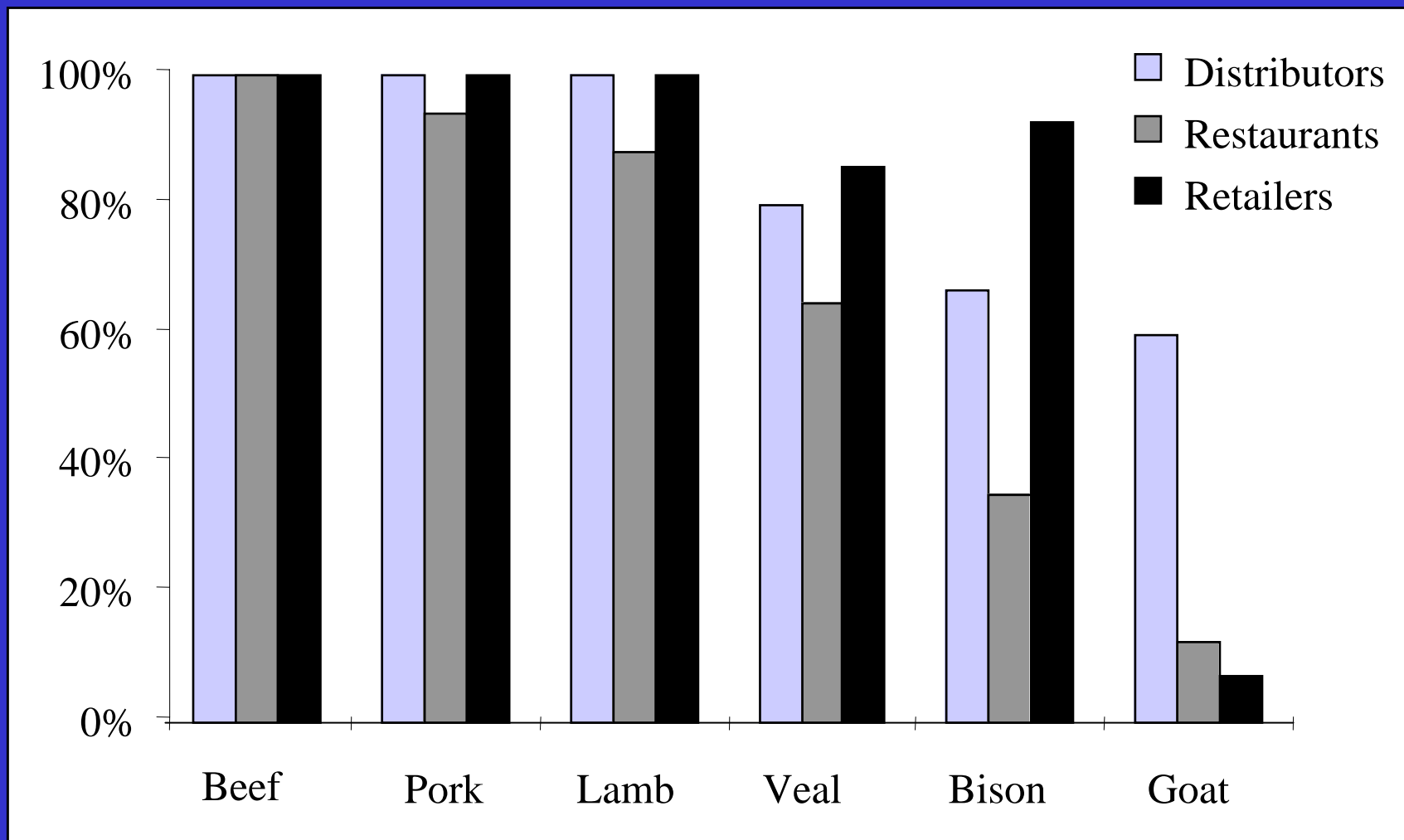
What We Asked Them

- Current red meat purchasing practices
- Niche meat sales volumes
- Estimates of future sales
- Use of frozen meats, whole carcasses, seasonal meats, and local meats
- Importance of specific product attributes
- Constraints to purchasing and using niche meats

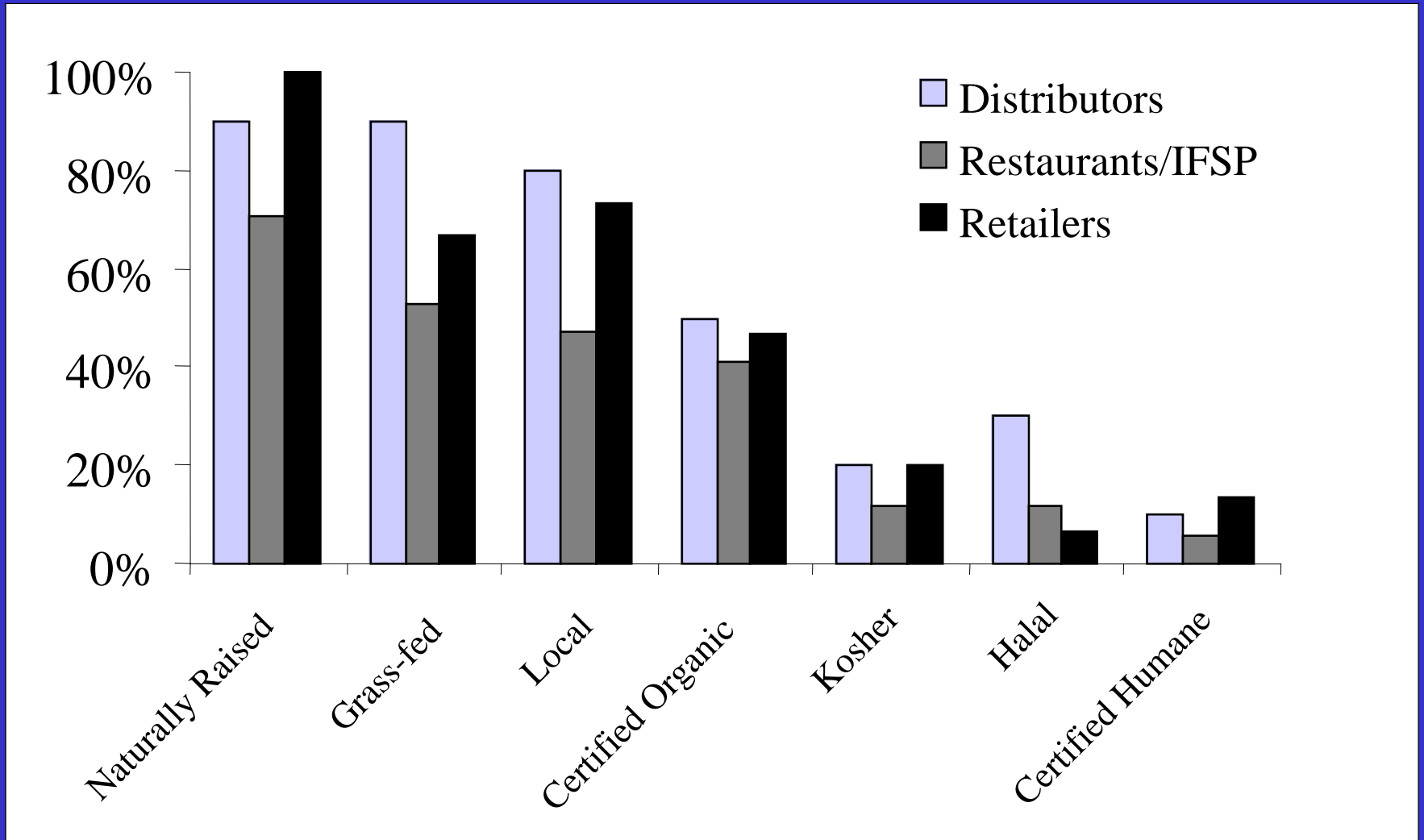


Results...

Red Meats Sold



Niche Meats Sold



Niche Meat Volumes Sold

Average pounds per week – selected categories

	Grass-fed	Organic	Naturally Raised
Restaurant	234	1114	234
Food Service	1750	nd	9250
Retail	808	1070	16,164
Distributor	4804	4482	33,797

NOTE: data were difficult to obtain-- proprietary, estimated, or unknown to respondent.

Will Niche Meat Volumes Increase?

	... in 1 year?	... in 3 years?
Distributor	90%	90%
Restaurant	75%	69%
Retailer	64%	73%
All Respondents	76%	76%

They said YES

Price Premium Paid for Niche

DEPENDS ON meat cut, niche attribute, brand, and shifts in conventional meat prices

Responses varied widely:

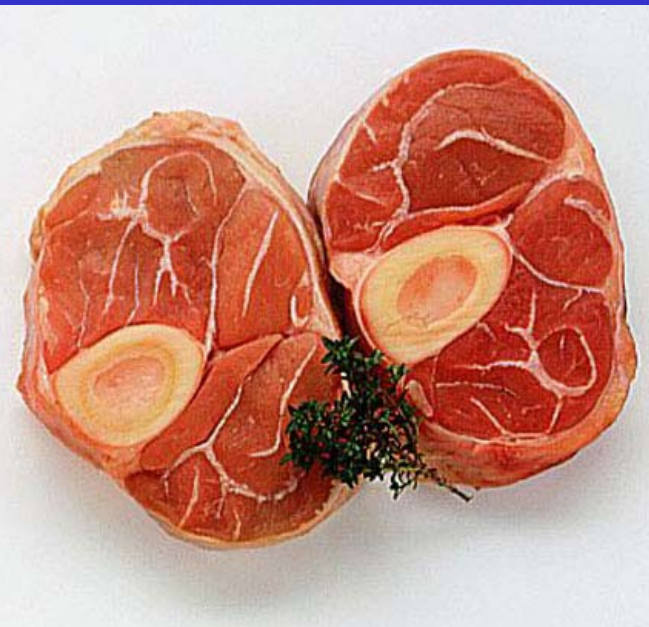
Imported, grass-fed beef	~ 0-10%
Local, naturally-raised meats	~ 40-60%
Certified organic meats (U.S.)	~ 60-70%

... up to 200% for high-end cuts of organic meats

10-30% above conventional was common

Other Preferences

- Fresh meats more than frozen
- Cuts more than whole carcasses (hog & lamb often OK)
- Year-round more than seasonal (especially for retailers)



Middle meats are most popular –

“90% of the people want 10% of the animal: steaks”

– but distributors “sell it all.”



Challenges In Using Local Meats

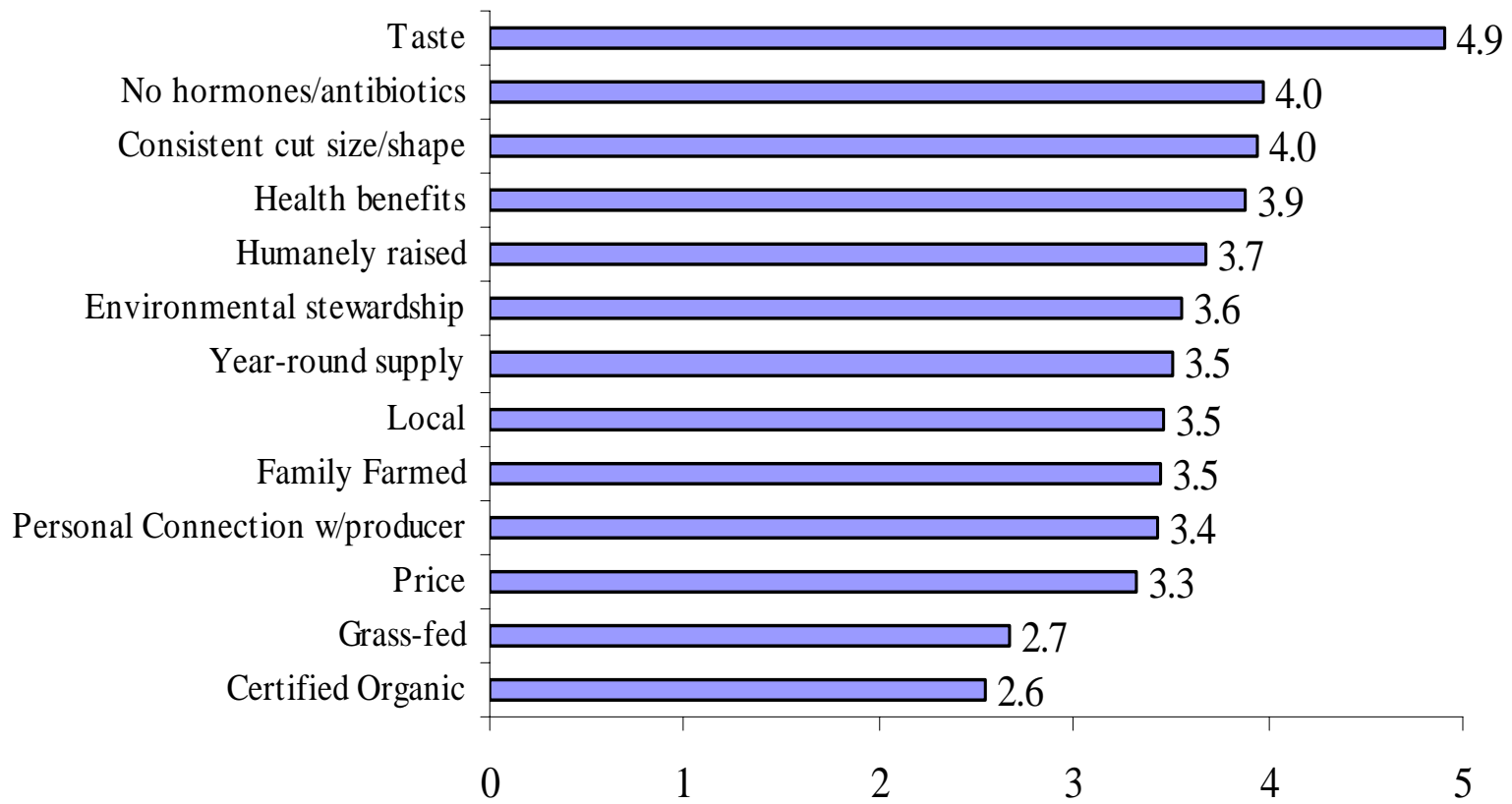
	Restaurant	Retail	Distributor	All
	(%)	(%)	(%)	(%)
Adequate supply	33	64	67	53
Consistent supply	27	36	11	26
Quality	53	21	11	32
Cost	33	14	22	24
Processing	13	29	22	21

Supply – can we get enough product, consistently?

“We really want this stuff – we need the volume.”

Importance of Product Attributes

Average Attribute Ratings





Definition Confusion

“Local”

California and Nevada?

Our county?

50, 100, 200 mile
radius?

Does locally processed count?



“Naturally raised”

No antibiotics or
growth hormones
during lifetime?

Or 120 days before
slaughter?

Including antibiotics to
treat illness?



No common understanding of these terms.

Conclusion: Strong opportunities in Northern California niche meat market

- Facility with broad range of niche meat offerings
 - Locally produced
 - “never/ever”
 - humanely raised
- Include pork and lamb in the species mix
- Considerable demand among retailers for kosher and value-added niche meats--cured, smoked, deli, and ingredients for prepared foods