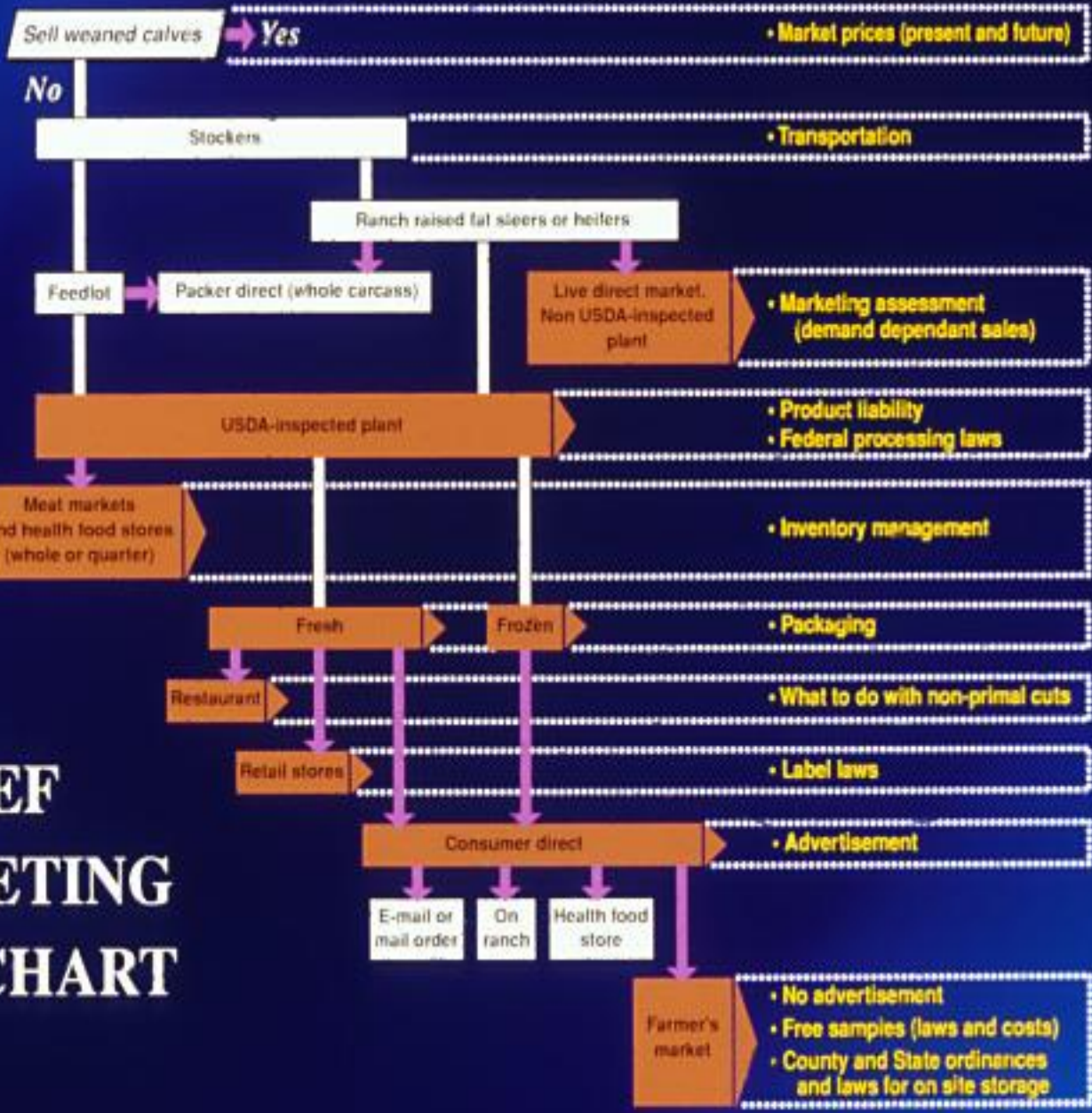


Economic Impacts of Traditional & Niche Beef Industries

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ISSUES



BEEF MARKETING FLOWCHART

TRADITIONAL BEEF INDUSTRIES

LONG STANDING PRACTICES, MULTI-GENERATIONAL COMMODITY BEEF



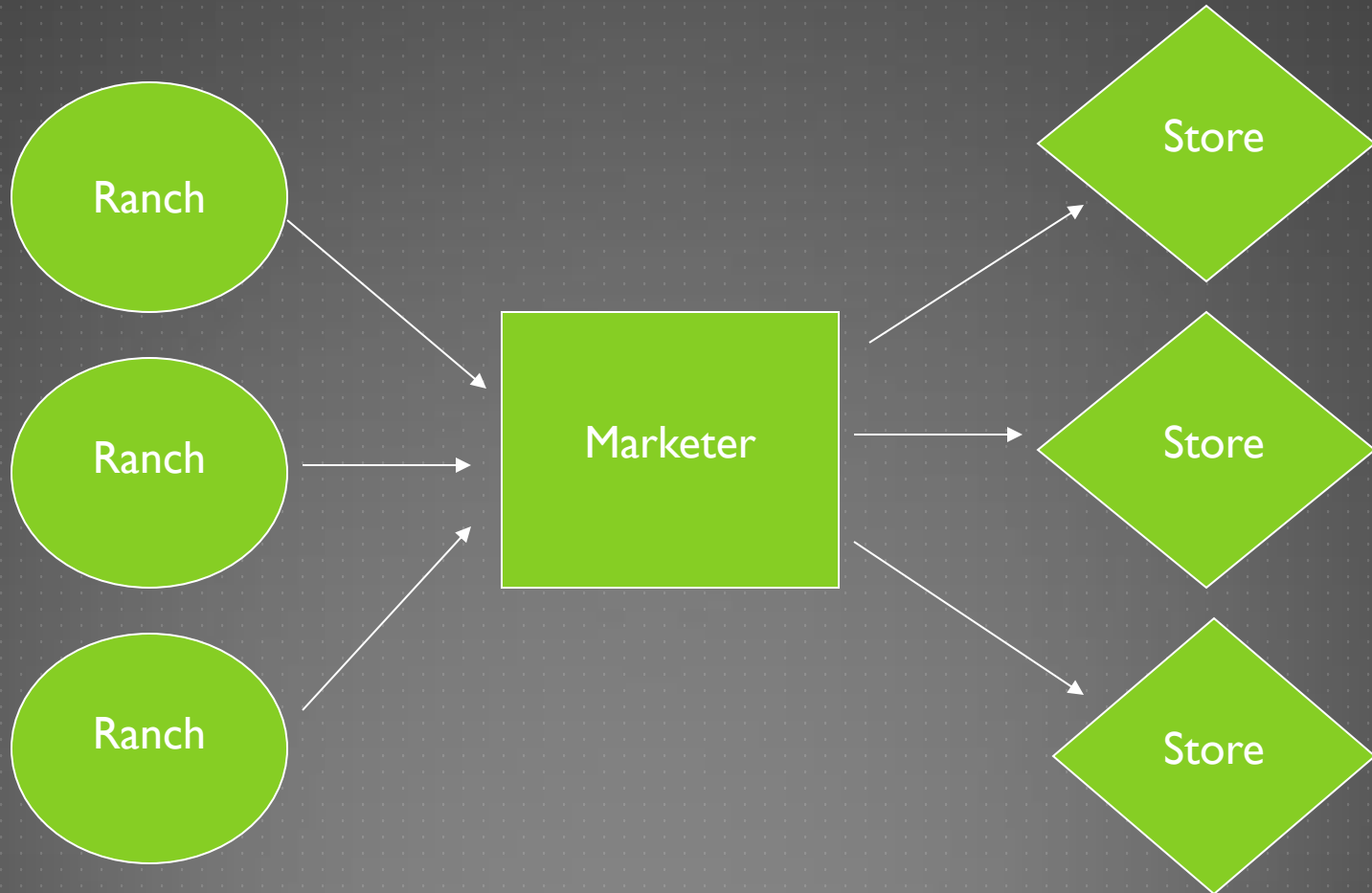
COMMODITY TO A PRODUCT



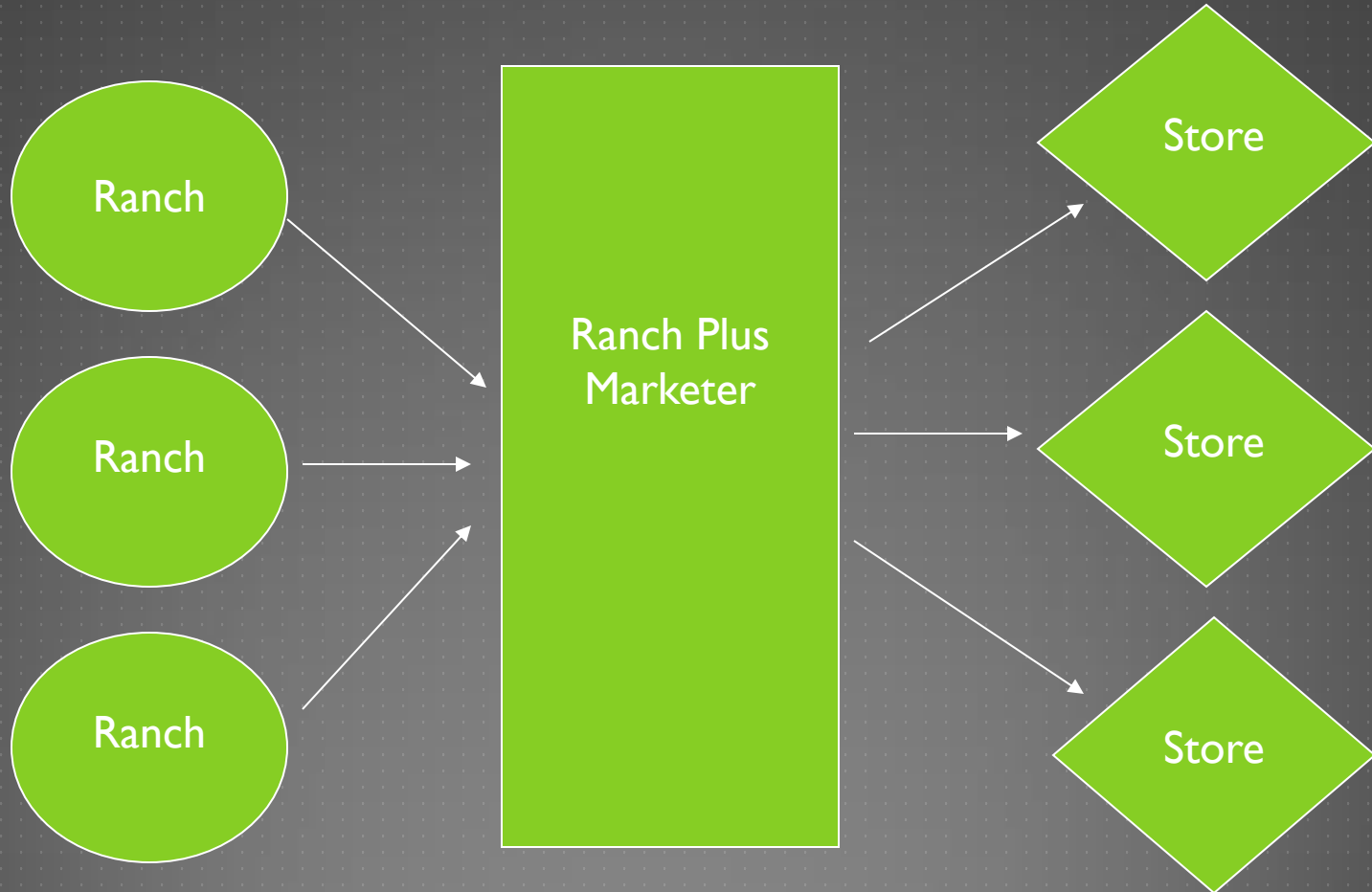
NICHE MEAT MARKETING

- ▶ Small Market with rapid growth
 - ▶ Branded label
 - ▶ Localized & Regional marketing
 - ▶ Defining a trend or need
- 

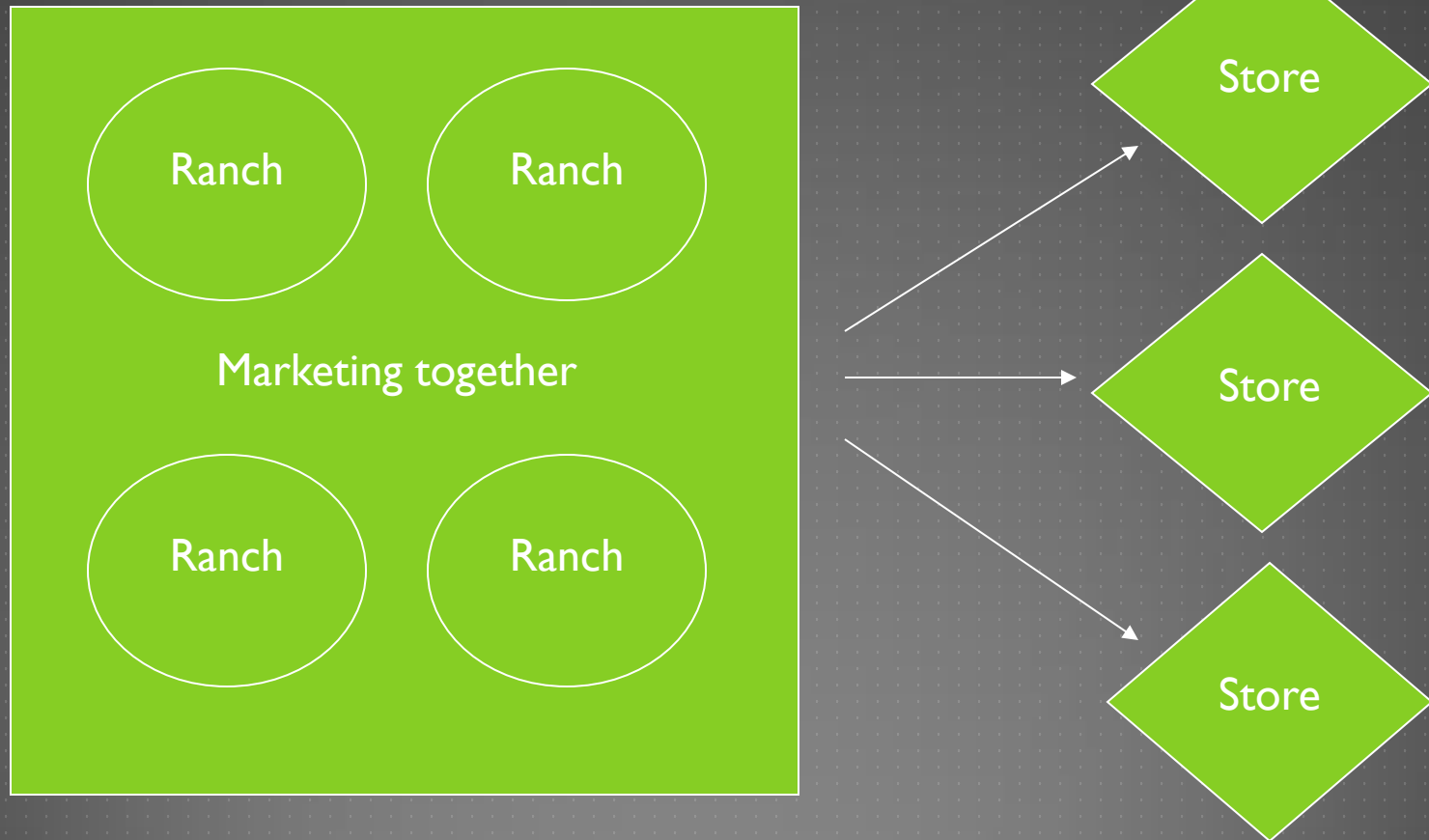
Business Model 1



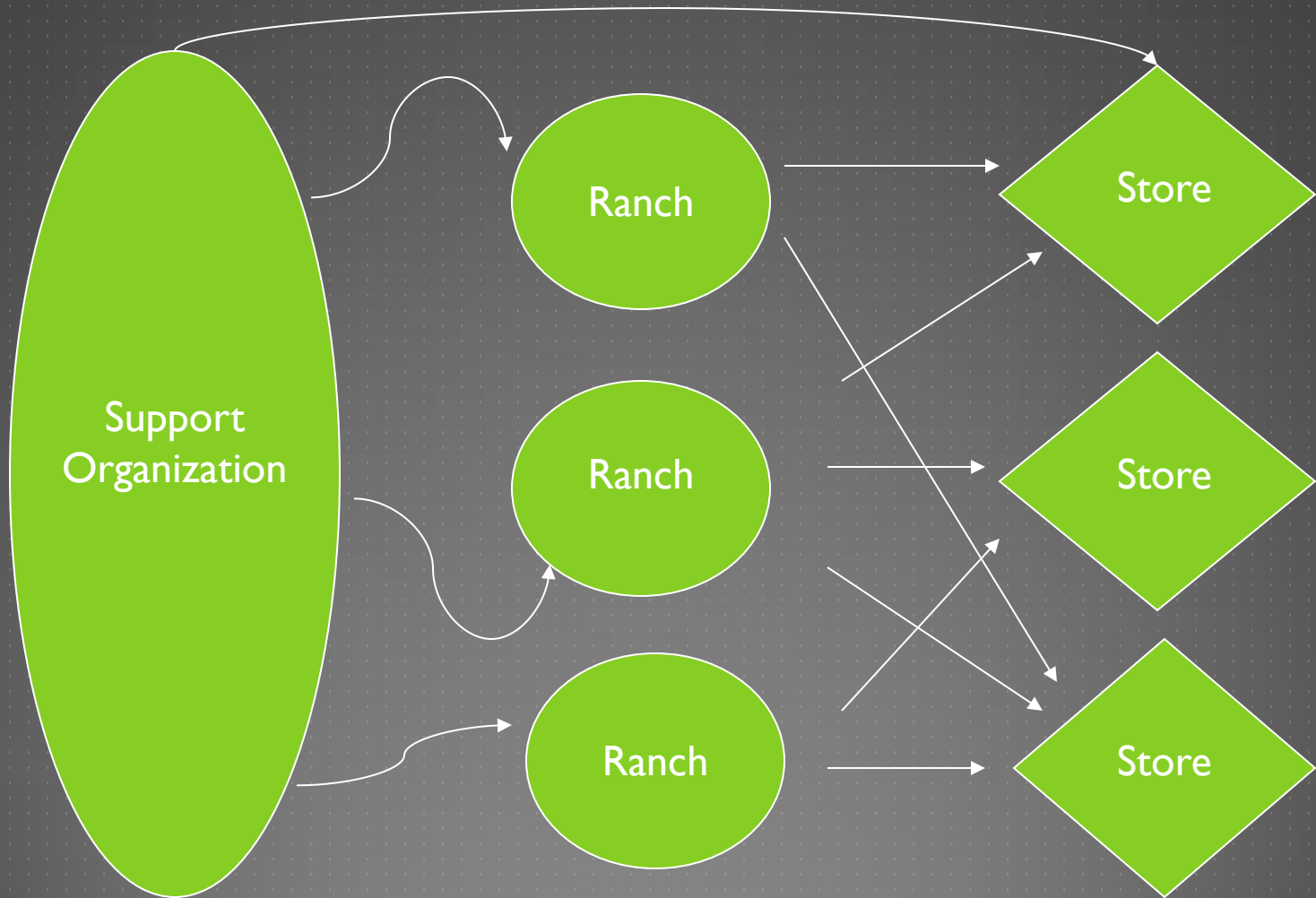
Business Model 2



Business Model 3



Business Model 4



Niche Beef Industries

Selling a Story

Small Market with rapid growth

Branded label (Different)

Localized & Regional marketing

Defining a trend or need



LABELS

- ▶ Natural
 - ▶ AMS is proposing that animals that have been naturally raised without growth promotants and antibiotics and have never been fed mammalian or avian by-products.
- ▶ Grass fed
- ▶ Organic
- ▶ Humane Raised
- ▶ Predator Friendly[®]

HUMANE RAISED

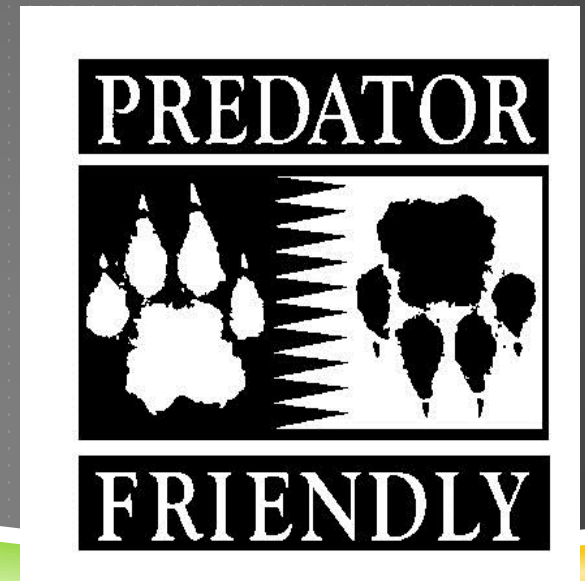
- ▶ Standards developed by animal scientists and veterinarians
- ▶ Facilities are annually inspected
- ▶ <http://www.certifiedhumane.com>



*Meets the Humane Farm Animal Care Program standards, which include nutritious diet without antibiotics, or hormones, animals raised with shelter, resting areas, sufficient space and the ability to engage in natural behaviors.

PREDATOR FRIENDLY

- ▶ Do not kill native predators on their land
- ▶ Reduce the risks of livestock losses by using guard animals
- ▶ <http://www.predatorconservation.org/>



GRASS FED

- ▶ Different grass availability and seasonal nutrient content
 - ▶ created a wide variety of protocols
- ▶ Year Round or Seasonal product
- ▶ Wine - celebrates diversity in taste
 - ▶ time and \$ to educate consumers
- ▶ Large Retail Chains
 - ▶ Consistent product

CALIFORNIA GRASS

- ▶ Coastal and Inland valleys - green forage
 - ▶ February to June
 - ▶ non irrigated =>Annuals depend on rain & temp
 - ▶ high in protein early & increase in energy later
- ▶ Irrigated pastures & Mountain Meadows
 - ▶ May to October
 - ▶ Cool season grasses
 - ▶ Forage quality decreases in late Summer/Fall

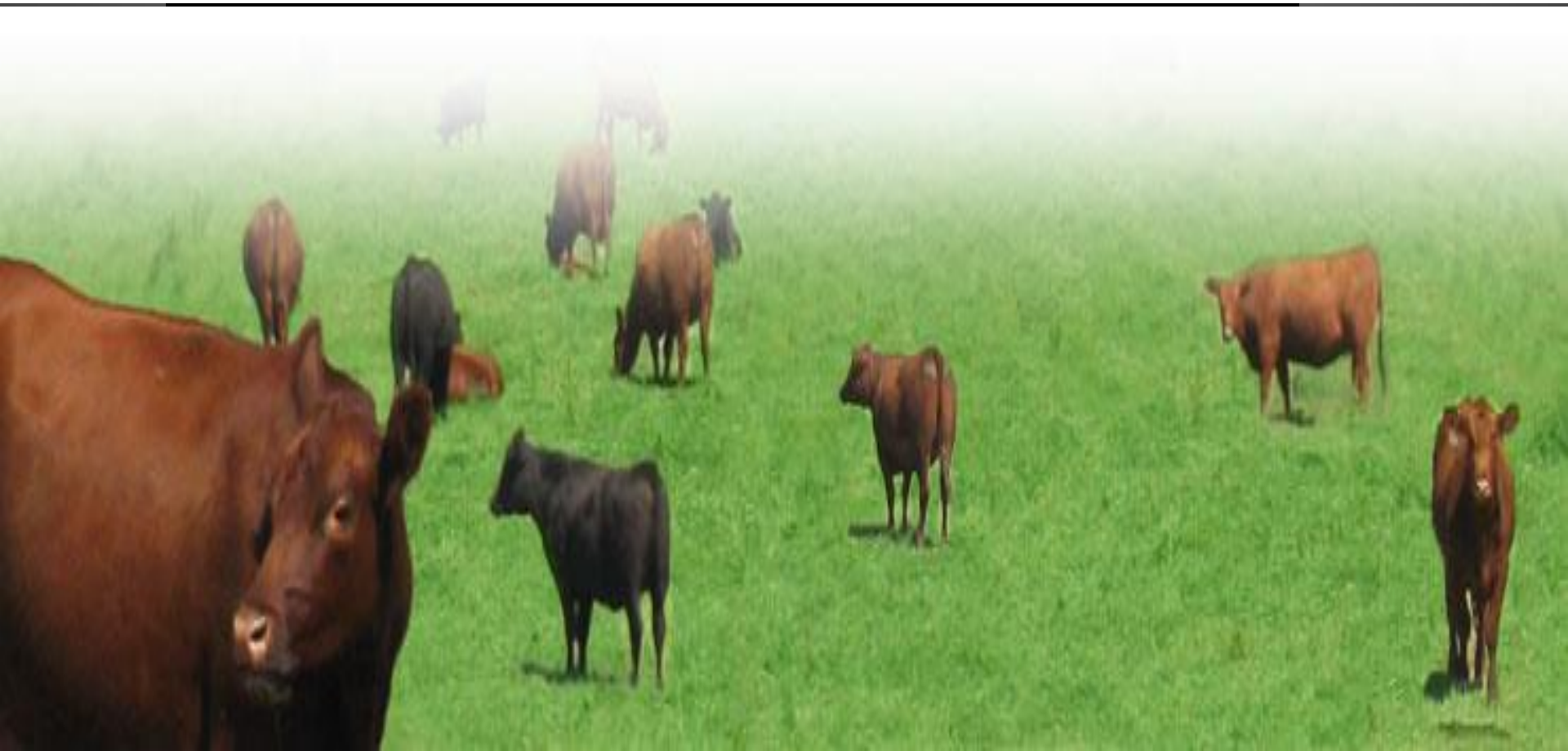
FATTENING ON GRASS

- ▶ Medium to small frame animals
- ▶ High carcass trait EPDs
- ▶ Ultra sound
- ▶ Supplementing energy or protein

Grass Fed Beef

[Mission & Goals](#) [Health Benefits](#) [Product Labeling](#) [Recipes](#) [Cost Study](#) [Producer Contacts](#) [Links](#) [Contact Us](#)

**Welcome to the Grassfed Educational Website,
sponsored in part by the California Food & Fiber Future Grant
and the CSU, Chico Agricultural Research Initiative.**



COST STUDIES

- ▶ <http://coststudies.ucdavis.edu/>
- ▶ Business Plans
- ▶ Marketing Plans
- ▶ Cattle

Final October 17, 2012/September 28, 2012

UNIVERSITY OF CALIFORNIA COOPERATIVE EXTENSION

2012

SAMPLE COSTS FOR FINISHING BEEF CATTLE ON GRASS



SACRAMENTO VALLEY

(Northern Sacramento Valley)

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UC Cooperative Extension Farm Advisor, Shasta County/Trinity Counties

Roger S. Ingram

UC Cooperative Extension Farm Advisor, Placer/Nevada

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UC Cooperative Extension Farm Advisor, Sutter/Butte/Yuba Counties

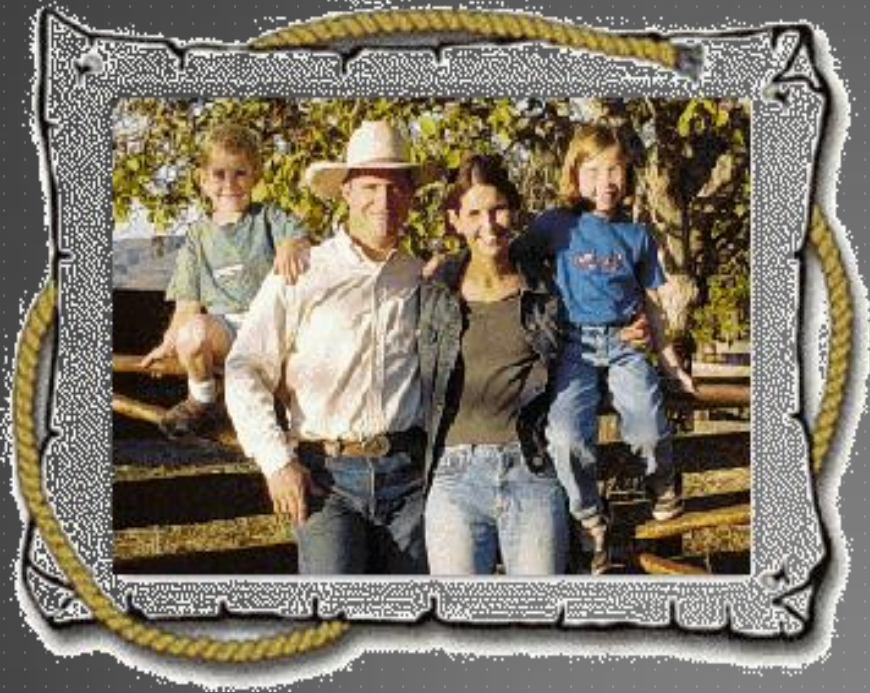
Karen M. Klonsky

UC Cooperative Extension Specialist, Department of Agricultural and Resource Economics, UC Davis

Richard L. De Moura

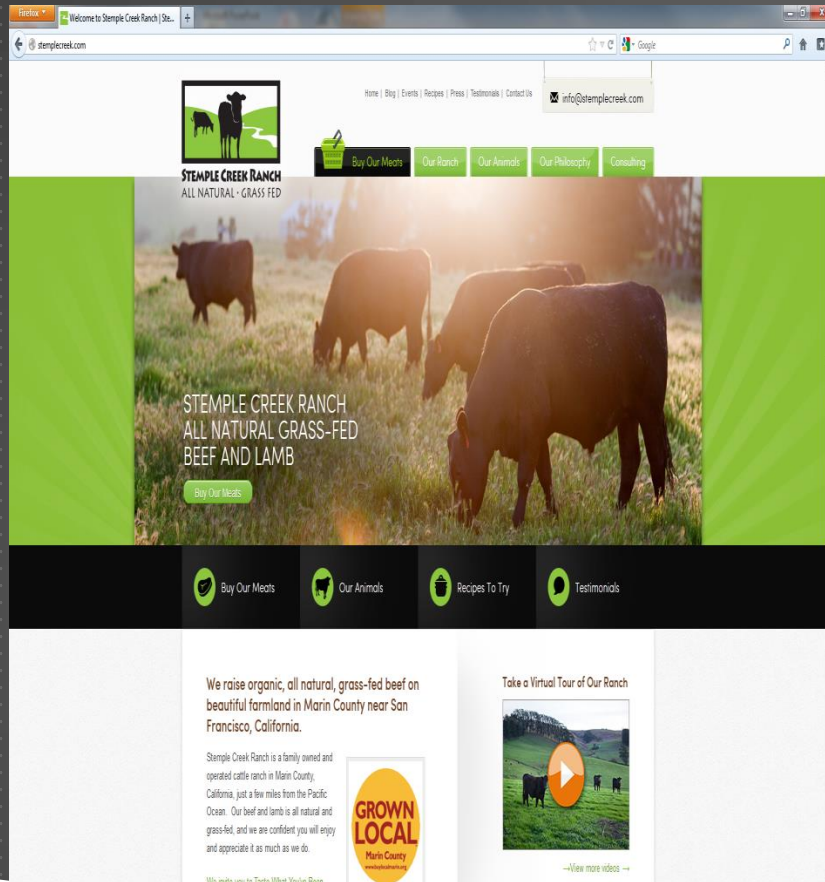
Staff Research Associate, Department of Agricultural and Resource Economics, UC Davis

MORRIS GRASSFED



- ▶ Simple business Plan
- ▶ Cull heifers
- ▶ Once a year sale
- ▶ Semi Transportation
- ▶ Simple protocol = higher return
minimize hassles
- ▶ Grow to retail

STEMPLE CREEK RANCH



- ▶ Grass Fed Beef and Lamb in Marin County, <http://stemplecreek.com>
- ▶ <http://stemplecreek.com/assets/img/twitter-thumb.jpg>

Marin Sun Farms,
www.marinsunfarms.com

Beef, Sheep, Chickens
SF Farmers market, Retail
shop, Restaurants
Newsletter, ranch tours,
Web Site
Buys from other
producers



Our Story



Marin Sun Farms is an extension of David Evan's farming heritage, a family that has cared for the land for decades. We are nestled in the rolling grasslands of the Point Reyes National Seashore in Northern California, or as we like to call it, the most beautiful place on earth. All aspects of our business, from the product to the business we conduct, are an extension of who we are and how we live.

David Evans, founder and CEO, oversees operations of two ranch leases just north of Inverness, Marin County, California, focusing on beef, poultry and egg production. He works closely with neighbors and friends who co-produce a variety of pasture raised animals filling the natural seasonal gaps.

At Marin Sun Farms our goal is to participate in creating a more sustainable food model and inspire an agrarian culture that conserves our landscapes, supports the health of its inhabitants and restores the vitality of a region that has thrived for hundreds of years. To accomplish this, we focus on the production of local, pasture-based food to nurture our Bay Area communities and families.

We farm for ourselves, first. If we won't eat it or feed it to our families, why should you? The same goes for business: if we can't stand behind the decisions we make, why should you? Call us a little self-focused; we call it the pursuit of perfection.

Our Team

We're a close team – less than fifty of us. We spend a lot of time together, talking, brainstorming, dreaming, asking, heckling, critiquing, inventing, experimenting. It gets loud.

We work hard.
We play hard.

PRODUCT INNOVATION

- ▶ **Hispanic products**
- ▶ **Raw meat diets for pets**
- ▶ **Beef, It's What's for Breakfast**
- ▶ **Seam muscle cuts**

COSTS TO REVIEW

- ▶ **Transportation**
 - ▶ **Liability insurance**
 - ▶ **Labor**
 - ▶ **Inventory**
 - ▶ **Marketing (Radio, Print, Web)**
 - ▶ **Regulation (County, State, Federal)**
- 

CHALLENGES

- ▶ Reducing transportation costs
- ▶ Figuring out an effective distribution system
- ▶ Having an effective inventory control system
- ▶ Markets for ground beef
- ▶ Recognize the need for business management
 - ▶ Go out and find that person
 - ▶ if you lack those skills
 - ▶ do not have the interest to learn.

KEYS TO SUCCESS

- ▶ Location
 - ▶ Processing plant
 - ▶ High Disposable Income
- ▶ Transportation
- ▶ Inventory Management (Lean trim marketing)
- ▶ Selling an experience - not a product
- ▶ Communicate or Connect to the Consumer (ID and Label)
- ▶ Marketing – Word of mouth
- ▶ Liability insurance

LESSONS LEARNED

- ▶ Need people who are more comfortable with risk
- ▶ Collaborative effort may not work well in this type of business.
- ▶ Need that one individual or a small group of 3-4 to be willing to push a business forward.
- ▶ Examples would include Panorama and Country Natural Beef.
 - ▶ Producers sell to Existing Business - then start own business

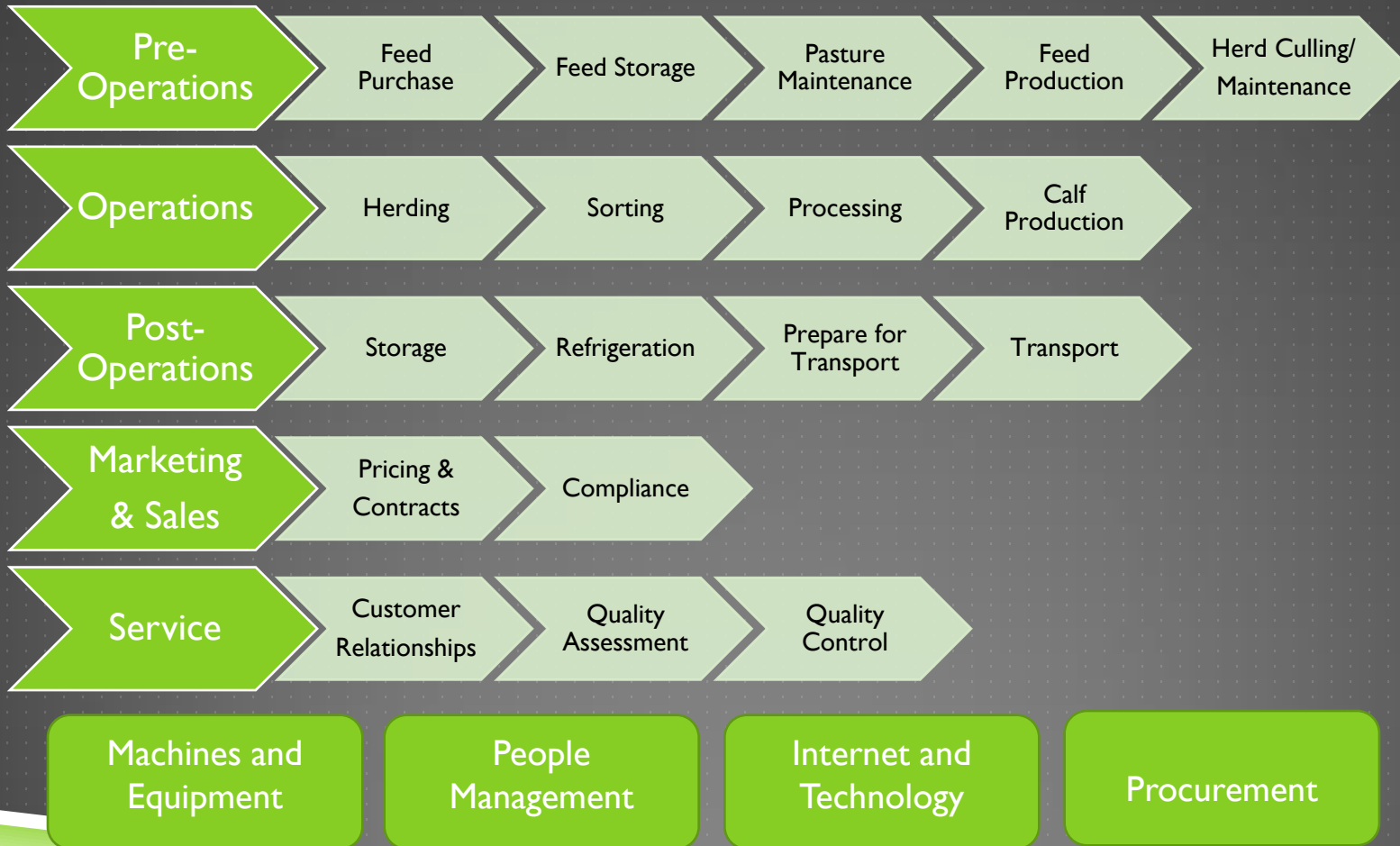
VALUE CHAINS AS STRATEGY TOOLS

- ▶ Value chains show how each activity adds value to a good
 - ▶ Measured as “activities”
 - ▶ Can come directly from tax or accounting documents
 - ▶ Can compare to industry benchmarks, neighbors, regional farms to see where farmers need help
 - ▶ Can show where a farmer, industry or region has competitive advantage over others
 - ▶ Different than supply chains in subtle, important ways
- ▶ We investigated grass-fed beef ranching

VALUE VS. SUPPLY CHAINS

- ▶ Value chains link activities financially **within** a production process for a good or service
- ▶ Supply chains link activities financially **between** suppliers, wholesalers and final consumers
- ▶ Each firm in the supply chain will have its own value chain
 - ▶ Each part of the supply chain affects other parts add value to a good or service
 - ▶ Hence the confusion: the sum of the supply chain is the “value-added” from raw material to final consumer.

GRASS-FED BEEF VALUE CHAIN EXAMPLE



ECONOMIC IMPACTS: GRASS-FED BEEF

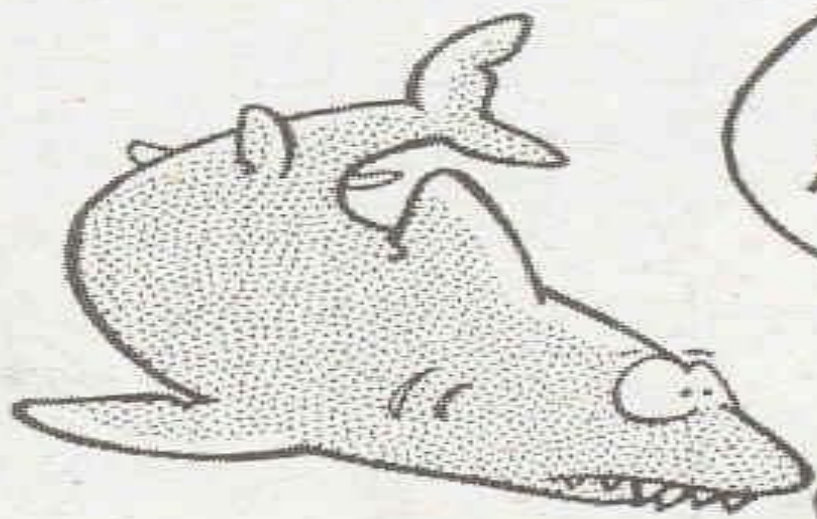
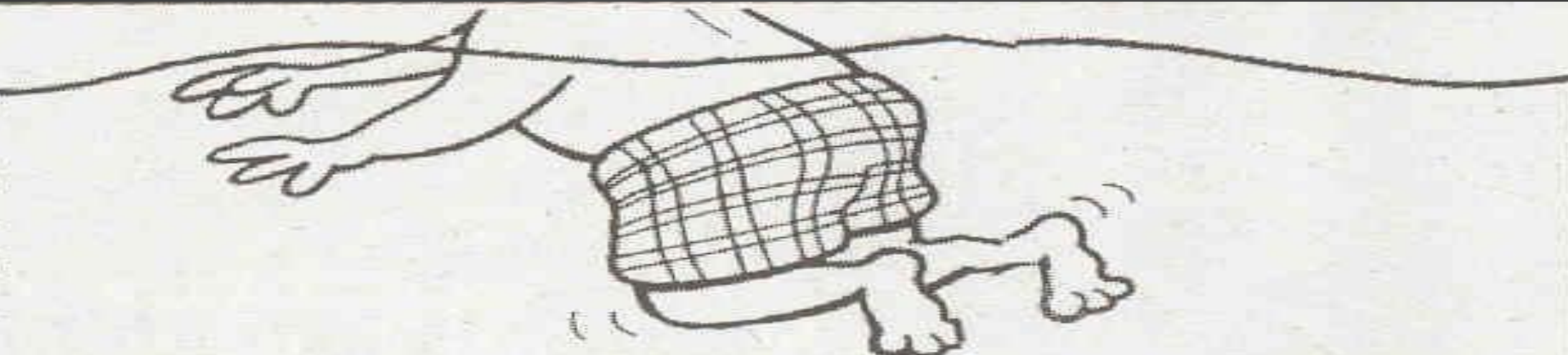
- ▶ **Major Industries Affected**
 - ▶ Support activities for agriculture
 - ▶ Real estate agencies
 - ▶ All other crop farming
 - ▶ Grocery Stores
 - ▶ Wholesale trade businesses
 - ▶ Bars and Restaurants
 - ▶ Banks and Credit Unions
 - ▶ Investment Banking
 - ▶ Transport by truck

GRASS-FED BEEF VALUE CHAINS

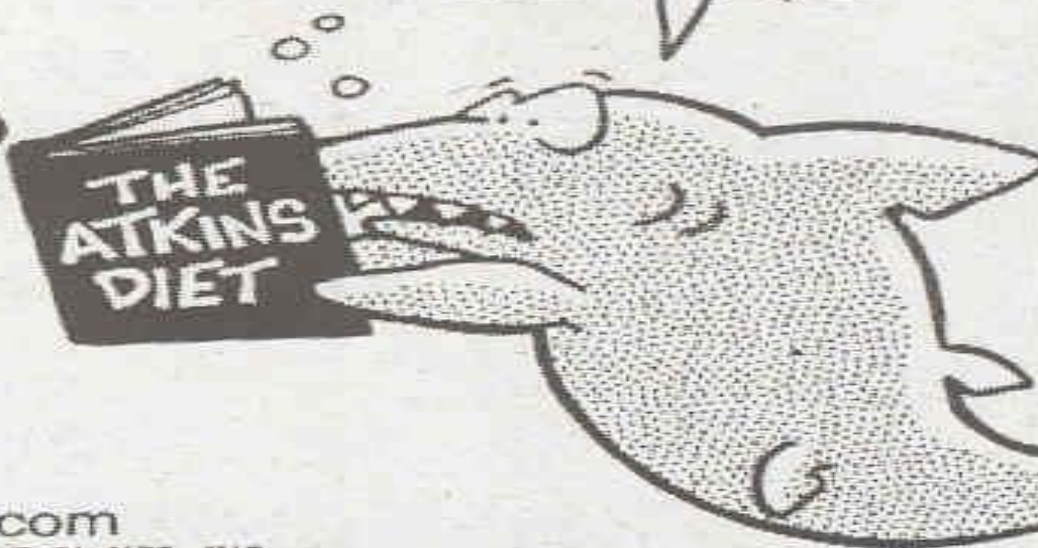
- ▶ Need for a regional kill/hang/cut/wrap facility
 - ▶ Aging process in demand by final consumers
 - ▶ Need to have custom cuts and wraps
 - ▶ Inability for the rancher to add value onsite at low cost (not profitable)
- ▶ Question of regional resources and solutions
 - ▶ Cooperative kill facility?
 - ▶ Cooperative hang/cut/wrap?
 - ▶ Strategic arrangement with current facilities?

CONCLUSIONS AND DIRECTION

- ▶ Grass-Fed Beef: hang/cut/wrap facility and use
- ▶ Economic impacts show broad community effects, and broad community support available
- ▶ Support industries the key for value-add activities
 - ▶ Can generate jobs off and on farms
 - ▶ Can solve regional problems locally (reduce need to transport)
- ▶ Value chains and economic impacts can help shape policy and support for farms and ranches
 - ▶ Provides comparison and forecast data



I THINK IT'LL BE OK AS LONG AS WE DON'T EAT THE BUNS...



QUESTIONS



Stephanie Larson
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