Marketing Channels For Goat Meat: Dealing With Reality

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INTRODUCTION

There is increasing interest in goat production and more production is likely. Thus, it is important to understand the current marketing channels of goat meat beyond the farm gate and consumers' preferences for goat meat in order to identify marketing niches to reach more consumers and increase demand for the product. A series of studies that assessed the marketing environment for goat meat in Florida was conducted during the last few years. These studies investigated the behavior and attitudes of livestock auction managers, livestock dealers, meat wholesalers, food retailers (supermarket chains), and restaurants towards goat meat as well as consumers' responses to goat meat. The objective of this report is to highlight the research findings on current marketing channels of goat meat and suggest potential channel strategy.

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FINDINGS

Livestock Auctions and Dealers

Initial research examined marketing activities at the first level beyond the farm gate. Managers of all livestock auctions in north and central Florida were interviewed, along with independent livestock dealers that were identified as handling significant numbers of meat goats.

Auction managers reported that many goats were sold directly to individuals, presumably for slaughter; they reported that such sales were particularly brisk around major holidays. Several independent livestock dealers handling goats were found to be buying goats from local auctions, transporting them to the Tampa and Orlando areas, and feeding them until they could be sold on-the-hoof to individuals. Dealers also reported that most sales occurred near holidays. According to dealers, most sales were to ethnic customers, primarily American blacks, Hispanics, and Haitians.

Based upon the survey of auction managers and independent dealers in north and central Florida, we concluded that few, if any, locally produced goats were entering traditional commercial marketing channels. The next surveys sought to learn more about goat meat sales in the commercial market, i.e., sales by traditional meat wholesalers, food retailers, and restaurants.

Meat Wholesalers

Of the 164 meat wholesalers interviewed, only 24 firms or 15 percent, were found to be currently selling goat meat. Seven percent had previously sold goat meat but were no longer selling it, and 78 percent had never sold goat meat. Firms that had
discontinued selling goat meat mentioned insufficient demand and supply problems as the primary reason for quitting. Managers of one-third of the firms that had discontinued goat meat sales said that cheaper substitutes, primarily mutton, had reduced the demand for goat meat.

Combined goat meat sales by all wholesalers was approximately 842,000 pounds for 1986. However, goat meat sales in the study areas are concentrated in the hands of very few major firms. Further, most of the large firms are located in the Miami area. On a volume basis, about 95 percent of the goat meat received was from out of state, with about four percent being obtained within Florida. Slightly less than two percent was imported. Texas and Iowa were the most frequently mentioned out-of-state sources. Three foreign sources, New Zealand, Australia and Jamaica, were also mentioned.

Estimated goat carcass weights handled by the meat wholesalers in the study areas ranged from 25 to 45 pounds and averaged 36.4 pounds, and mostly was purchased in whole carcass form. Over half of the total volume was cut into primals before resale. Forty-one percent of the volume was resold in the whole carcass form. Ninety-three percent of the wholesalers' sales were comprised of frozen meat.

Approximately 52 percent of the goat meat volume went to retail grocers. About one-third was sold to restaurants, and six percent to individuals, with the remaining ten percent going to varied foodservice operations such as ships, labor camps, and jobbers that also serve the foodservice trade.

The weighted average purchase price for all firms was slightly under $0.95 per pound. The weighted average sale price was just under $1.09 per pound. Thus, the weighted average mark-up was 15
percent for all wholesale firms. It was found that small- and medium-size firms received higher prices for small quantities sold directly to consumers.

The wholesalers were asked for their opinions as to the ethnic origin of goat meat consumers. Haitians were mentioned by nearly 60 percent of the current goat meat wholesalers as being important consumers of goat meat. Jamaicans, other Caribbean, and Asian Indians were also thought to be significant consumers of goat meat.

Nearly four-fifths of all wholesalers carrying goat meat sell it throughout the year. Generally, the period from November through March was the time period which most wholesalers identified as the peak demand season for goat meat. This time period encompasses several important holidays, and also the peak period of seasonal farm labor. Limited supply was the most frequently mentioned marketing problem and came exclusively from large- and medium-size firms.

Food Retailers

To understand how goat meat is distributed beyond the wholesale level, a survey of meat merchandisers of chain supermarkets was conducted. The survey targeted food retailers in areas with relatively high concentrations of ethnic populations. The areas selected were Miami (Dade County), Fort Lauderdale (Broward County), and Tampa (Hillsborough County).

Seventeen retail food chains operating 622 stores in the study region were surveyed. Six small chains, comprised of 168 stores, sold goat meat. However, goat was being sold in only 28 of these 168 stores. Chains selling goat meat tended to cater to specific groups of ethnic consumers. Although the city of Belle Glade is located outside the immediate study area, it was mentioned by two
chains as being an important market for goat meat. Belle Glade is the winter home of a large agricultural migrant labor force, which is comprised largely of Mexicans and is at its peak from November through February.

Total annual volume sold by the six chains was approximately 58,450 pounds. Two chains sold 84 percent of the total survey volume. The 28 individual stores selling goat meat sold an average of 2,088 pounds per year or about 40 pounds per week. Ninety-nine percent of the survey volume was purchased in frozen product form. Five of the six chains purchase whole carcasses. Most of the meat was resold in sub-primal chunks containing no specific body part.

Wholesale purchase price (per pound, whole carcasses) ranged from $1.10 to $1.20 and averaged $1.16. The retail price ranged from $1.50 to $1.69 and averaged $1.58. Overall mark-up on purchase price averaged 26 percent. Three of the four low-volume chains indicated that there is seasonality of demand with peaks during Christmas, Easter, and during the influx of migrant workers.

Half of the six chain store representatives selling goat meat said they encountered no marketing problems, but two mentioned lack of demand as a problem. Only one, a chain representative with the largest goat meat sales, mentioned supply as a problem. Indications are that one chain store purchased Australian mutton and sold it as goat meat at a relatively low price. This practice, coupled with the lack of obvious differences between mutton and goat carcasses, could be a problem to wholesale buyers and consumers alike.

Goat meat was promoted to a significant degree by only one chain store who ran specials at a reduced price and mailed fliers to its customers. Another chain periodically included goat meat advertisements in weekly fliers.
Representatives of chain stores presently selling goat meat see little growth in sales. They feel that goat meat, in general, appeals only to a small ethnic segment of the population, predominantly older Latins and Haitians. Further, they said that goat meat was not more profitable than other meat items, indicating lack of incentive for promotion. However, their reactions were generally positive in terms of customer acceptance, supply, meat quality, and compatibility of goat meat with other meat items.

The attitudes of representatives of chain stores not selling goat meat are important for understanding why goat meat is not sold more widely and for determining what barriers exist towards future market expansion. Most of the representatives of eleven chains not selling goat meat and responded to the interview felt there was insufficient ethnic trade to support selling goat meat. They felt that demand among non-ethnic consumers was virtually non-existent. Negative responses were by two executives representing chain stores with a combined Florida market share of 50 percent. None of the chain store representatives had ever been presented with any sales materials related to selling goat meat.

They would not carry goat meat for novelty's sake and believed goat meat would not be more profitable than other meats. They were also concerned about their present customers' reactions to having goat meat in displays, and the dependability of supply. Additionally, non-sellers had relatively little knowledge about the quality of goat meat, its taste or product forms customers would like.

Restaurants

Restaurants represent a major marketing channel where goat meat can be presented in a favorable manner to consumers. To
explore this option, a mail survey of restaurants in Florida was conducted to determine the current level of market penetration of goat meat in the food foodservice sector, the level of knowledge about goat meat among restaurant operators, and the likelihood of additional goat meat sales in these outlets. A total of 1,260 restaurants, half identified as serving barbecue and half randomly selected independent full-service restaurants, were mailed questionnaire.

Of the 157 restaurants that responded to the mail questionnaire, only five were found to be selling goat meat. Five other restaurants had sold goat meat within the previous two-year period, but had discontinued. Inadequate, unreliable supplies and variable quality were major reasons given for quitting. There were no statistically significant differences between the barbecue restaurants and the randomly selected restaurants with respect to proportions offering or discontinuing goat meat.

The survey indicated that most restaurant managers know little about goat meat. Most were uncertain about preparation and cooking methods, the availability of supplies, quality, or potential impacts of goat meat sales on total sales and profitability. Despite the managers' lack of knowledge and uncertainty, there was considerable interest in adding goat to their menus. Fifty-five percent expressed some interest in serving goat meat.

Managers were also asked which of several product names would have the greatest appeal to their customers. "Cabrito" and "chevon" were each preferred by 40 percent of the respondents, respectively; and "goat meat" by only 18 percent.
Consumers

The preponderance of our research on marketing channels indicated that ethnic consumers were responsible for virtually all goat meat sales in Florida. Literature on the palatability of goat meat as compared with deer, pork, lamb, and even horse, revealed low acceptance of goat meat relative to other meats. Thus, we were faced with a perplexing question: How would mainstream consumers react to goat meat, particularly those that had never tried it before? Past studies on the palatability of goat meat were not encouraging. However, these studies had been based on laboratory sensory evaluations of goat meat which utilized standardized cooking methods based solely on internal cooking temperatures. We chose to conduct rigorous consumer evaluations using barbecued beef as a control or benchmark against which barbecued goat was compared.

A sample of 600 consumers split between two major metropolitan areas provided comparative organoleptic ratings in a blind taste test. Examination of "overall appeal" ratings revealed that nearly 42 percent of the respondents preferred the goat sample, 38 percent preferred the beef, and 20 percent were indifferent between the two samples. The differences between ratings for goat and beef were not statistically significant. However, the test adequately demonstrated that goat meat, properly prepared, compared favorably with beef.

While the blind taste test between goat and beef was encouraging, it is important to realize that prevailing consumer images of and attitudes towards goat meat may adversely affect its acceptance and consumption. Our consumer study also explored attitudes towards goats and goat meat, in particular, and results
were mixed. Respondents had positive and negative attitudes towards goats. Even so, we concluded that mainstream consumers, the most important link in any marketing channel, represented a significant opportunity in market development activities.

SUMMARY AND CONCLUSIONS

Our research has shown that few Florida-produced goats are entering commercial marketing channels. Most sales by livestock dealers went directly to individual ethnic customers, primarily American blacks, Hispanics, and Haitians. Based upon the total number of wholesalers selling goat meat in the three market areas studied, it is obvious that distribution of goat meat is very limited. The total quantity of goat meat handled by wholesalers also indicates that consumption is limited, even among ethnic populations.

Presently, the volume of goat meat sold through Florida chain supermarkets is low and the number of chains that carry goat meat is also small. The chain stores selling goat meat were small in size and catered to specific ethnic segments of the general population. In addition, very few commercial foodservice establishments serve goat meat.

The meager presence of Florida-produced goat meat in commercial marketing channels could be attributable to various reasons. Undoubtedly, limited commercial supplies and variable product quality are major difficulties. Further, it is also important to realize that there is tremendous resistance in conventional channels to expanded distribution of goat meat.

First of all, price mark-up received by handlers at each market level was relatively low; these low margins coupled with low volume resulted in the general perception that goat meat sales
would not be as profitable as other meat items. Hence, there appears to be limited economic incentive for meat wholesalers and retailers to carry goat meat.

Secondly, negative attitudes and perceptions of food retailers hinder the market development for goat meat. Retailers were uncertain about how their customers would react to the sales of goat meat. But more importantly, many of the representatives of retailers and restaurants not selling goat meat exhibited a lack of knowledge concerning goat meat. Many retailers did not believe goat meat would sell in the meat department; they felt goat meat would not appreciably affect total meat department sales. Furthermore, they had little idea of the quality and taste of goat meat or how to prepare and cook the meat. Given the predominance of non-sellers of goat meat in the Florida market, the prospects for enlisting enthusiastic support from these important elements in the marketing channel appear dim.

However, the results from our consumer taste panel and restaurant survey do give reason for optimism about intensified sales of goat meat through the foodservice industry. Because the mainstream consumer is basically unfamiliar with goat meat, foodservice outlets, particularly restaurants, can prepare the product properly and offer a tasty alternative to conventional meat products. Indeed, a significant proportion of restaurants are willing to offer goat meat on their menus, given adequate demand, stable supply and preparation knowledge.

Moreover, participants in our consumer taste panel indicated that goat meat, if properly prepared, can be a strong competitor to beef in almost all product characteristics. A large proportion of these participants had favorable images of restaurants that would sell goat meat. However, participants who had eaten goat meat
before tended to have favorable impressions of goat meat, but negative images of restaurants selling goat. The same attitudes were expressed by younger consumers and those from higher income households.

Consequently, it is recommended that goat meat be presented through upscale restaurants as an exotic, novelty meat item to more affluent consumers. The intent of product distribution via this channel is to put goat meat in a market setting that appeals to the market segments with favorable images of goat meat, but are not particularly price-sensitive. Once consumers are introduced to properly prepared goat meat in restaurants, they may wish to buy goat meat through retail food stores. As consumer demand increases, food retailers may be persuaded to carry the product.

In conclusion, goat producers must face the reality of the current distribution system for goat meat. The present volume sold through conventional marketing channel, especially retail food outlets, is small, and most marketers' attitudes towards selling goat meat are very negative. However, the foodservice industry should provide the best potential for introducing goat meat to the mainstream consumers.