Goat Meat Marketing: Strategies for Reaching Consumers

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INTRODUCTION

Since the mid 1980's, there has been an explosion of interest in goat production all across the U.S. Most meetings and conferences still stress production management, with topics such as breed selection, nutrition, disease and predator control drawing big crowds. While pesky production problems continue to cut into profits, steady progress is being made in improving husbandry practices because there are many animal scientists at work on these problems. To date, however, very little attention has been paid to marketing. This conference, however, is an exception; it is a pleasure to be asked to participate in a meeting where marketing is receiving so much attention.

It is difficult to get excited about "marketing" as long as you can produce as many goats or anything else you want at a price that results in a satisfactory return on your effort and investment. However, producer attendance at conferences such as this is an indication that the supply of goats and goat products may increase dramatically over the next few years. If no thought is given to increasing the market for goat products, the additional supplies could have a devastating effect on producer prices.
OBJECTIVE

My objective is to share with you ways to increase demand for goat products, particularly meat. The focus is on meat because it represents a major opportunity for increasing producer profitability whether you are specializing in meat production or selling culls from dairy or cashmere herds. While meat represents a major marketing opportunity, it also poses challenging marketing problems. Today we will examine some of these challenges and explore ways to overcome them.

THE PRESENT MARKETING ENVIRONMENT

In many countries of the world, particularly those with arid climates, goat meat is a major source of animal protein in human diets. In these countries, goats are more adaptable to the arid climate than cattle or hogs, and thus their production is more economically efficient. However, in the U.S., our temperate climate has resulted in abundant, economical production of cattle, hogs, and poultry, and these items are mainstays in American diets.

For example, in 1987, the average American consumer devoured over 103 pounds of beef and 65.5 pounds of pork. Additionally, the average consumer ate nearly 63 pounds of chicken, 15 pounds of turkey and 15 pounds of fish. The average person ate only 1.5 pounds of lamb and mutton (USDA, 1989). In Florida, we estimated that consumption of goat meat in areas with high proportions of goat-eating ethnic populations amounted to approximately 1/4 pound
per person per year in 1987 (Degner and Locascio, 1988). These per capita consumption figures clearly show Americans' preferences for beef, pork, poultry and fish far exceed those for lamb, mutton, and goat.

Goat producers can view beef, pork, chicken, turkey and fishery products as major competitors. If you are thinking of engaging in head-to-head competition with these traditional meats, you need to be aware that long-standing dietary habits are hard to break. To make matters worse, American consumers are rapidly shifting away from red meats to poultry and seafood. For example, beef consumption in the U.S. declined by 15 percent between 1975-77 and 1985-87, while poultry increased by 45 percent during the same period (USDA, 1989).

Still another competitive difficulty arises from the fact that goat meat is expensive at the wholesale and retail levels relative to beef, pork, and particularly chicken. In 1987, beef chuck roast sold for $1.68 per pound, round roast for $2.53, ham for $1.54, and whole chicken for $0.78 per pound, compared with an estimated $2.45 per pound for Florida-produced whole-carcass goat (USDA, 1989). The high relative retail price for Florida goat carcasses reflects high production and processing costs. In most intensive goat production systems, the cost of production is relatively high because of supplementary feeding and veterinary expenses. Further, slaughter and fabrication costs (when you can find a slaughterhouse that will process goats) on a per pound basis are considerably higher for goats than for beef or pork because of "economies of
scale." This simply means that processing costs per unit of output decrease with volume, and most beef and pork processing plants are very efficient, operating at large capacities at very low cost per pound of output. Goats, on the other hand, are processed by small, relatively inefficient slaughter plants. In Florida, small custom slaughter houses typically charge $10 to $15 per head for slaughter. For a 75 pound animal, this adds approximately 30 to 40 cents per pound to a whole carcass.

How, then, are goat producers going to compete? At this point, the picture looks pretty bleak. Some of the strategies that we are going to discuss can be implemented by individual producers, but others may require group action, perhaps through statewide, regional, or national producer associations.

MARKETING STRATEGIES

Short Term

Presently, there are hundreds, if not thousands of goat producers nationwide that are able to sell the goats they produce at acceptable prices. Where do they sell them? Although there are a few specialized, large-scale commercial goat markets such as Junction City, San Angelo, and Ada, goat producers in most areas are too far removed from them to use them efficiently; transportation costs are prohibitive. In Florida, goat production is growing, but relatively limited. So there are no large specialized markets. We found that most Florida-produced goats are
sold directly to final consumers or dealers at the farm or through livestock auctions. In the short run, while demand for goat meat is relatively limited and industry supplies are also small, these traditional marketing methods will work reasonably well. As supplies increase, direct sales activities and auction markets will have to be improved.

Direct Sales

Direct sales sound simple. Cut out the middleman, sell directly to the final consumer and count your profits. Unfortunately, there is a cost involved: inconvenience. If you have to disrupt your farming or leisure activities to round up your goats to sell one or two at a time, it may be more trouble than it's worth. You have to like people to put up with the bother. On the positive side, you may be able to get $5 to $10 more per head than selling through an auction. Another difficulty may be your schedule. Off-farm jobs can make it difficult to engage in direct sales. If your herd is in a remote location, direct sales may not work at all; if you are near a large urbanized area with high concentrations of ethnic populations, your chances of success are greater. The major impediment to direct sales is the limited number of people that will seek you out to buy a live animal for slaughter. When you consider the entire population of your geographic area, there is an extremely small percentage that will go to the trouble of locating, buying, and slaughtering a live goat. Even those that are willing to go to this trouble will only
do it on special occasions. In Florida, and probably most other states as well, most direct sales are made to individuals from ethnic groups such as Cubans, Mexicans, Jamaicans and American blacks. Rural whites are also good customers in some areas. Greatest demand comes at major holidays.

Despite the inherent shortcomings of direct sales, they can be profitable. Assuming that you have a reasonably accessible location near a sizeable urban area and you don't mind some inconvenience, how can you increase your direct sales? Plan your breeding and feeding program to have saleable animals available for the major holidays such as Easter, the 4th of July, Thanksgiving and Christmas. Run classified ads in daily newspapers and weekly "shoppers" a week or two before all holidays. If your area has a significant Spanish-speaking population, try Spanish ads. If your production is large enough and you have large ethnic populations in your area, you might be able to make effective use of advertising "spots" on Spanish radio stations or spots in conjunction with Spanish or black programming on local radio stations.

Roadside signs can also be effective, but you will have to comply with local sign ordinances and make sure you keep signs well maintained. Signs on vehicles and trailers can also convey advertising. Public relations activities can help keep you in the public eye. Many churches, civic clubs and youth organizations have annual fund raisers, and barbecues are very popular. Contact club leaders with "special volume discounts" and large fund raisers could help solve your marketing problems.
As you develop your direct sales clientele, keep in mind that a satisfied customer may become a frequent repeat customer. Attempt to get a mailing address for every customer. Although ethnic customers may move more frequently than other residents, a postcard reminder of the availability of goats sent to past customers may prove to be a very effective way to stimulate sales.

Another way to expand direct sales is to provide greater service. For example, you might arrange to transport the animals the customer has selected to a custom processor. A tie-in with a custom slaughterhouse can expand your sales in some areas by making the whole process more convenient.

**Sales Through Auctions**

Livestock auctions are a major sales outlet for many producers. However, because of variable goat supplies and limited numbers of buyers, prices are frequently low. In Florida, we have had some degree of success by arranging special goat sales. Goat producers' organizations, county extension agents, and livestock auctions have cooperated in promoting such sales to goat producers and potential buyers to stimulate a competitive marketing environment. Regularly scheduled goat sales can function as a magnet to get buyers and sellers together. Such sales don't just happen, however. They require coordinated effort and support by producers, auction managers, and buyers. However, the initiative to organize goat sales rests with producers. One final point about auctions: in Florida and most other states, most goats sold
through auctions ultimately go to the same consumer market served by direct sales, that is ethnic consumers.

**Long Term**

The short-term marketing strategies discussed above certainly are not new or innovative; for the most part, they represent "business as usual." Targeting ethnic groups and rural residents that are already goat meat consumers and making auction markets more efficient is a conservative strategy that may help producers with small herds. But it is doubtful that the industry can rely solely on ethnic consumers to absorb meat supplies generated by large-scale production. Although ethnic consumers are familiar with goat meat and are currently our best customers, they undoubtedly will quickly reach the point where their demand for goat meat is satisfied. Also, most ethnic consumers are at or near the very bottom of the economic ladder, further restricting demand for relatively expensive food products, including goat meat. How, then can we reach "mainstream" consumers?

First of all, we need to gain broader access to marketing channels that will make goat meat available to more consumers. Today, there are few places where goat is sold at wholesale or retail. Traditional commercial marketing channels will be difficult to cultivate, however, and I will discuss this problem in greater detail in a later paper.

In Florida, one study indicated that only 25 percent of consumers had ever tried goat meat (Degner, 1990). This lack of
familiarity makes it a very difficult product to sell through supermarkets because most consumers would not know how to prepare it properly. Since improperly cooked goat meat is likely to be tough, proper preparation is essential. Traditional promotions such as recipes, nutritional information and incentives to try new products which are aimed at supermarket shoppers are far too expensive to implement, given the small, fragmented nature of the goat industry and the lack of promotional funds.

One promising strategy that can be implemented by one goat producer or an entire producer association at relatively low cost is to target the foodservice sector. A Florida study found that nearly one-third of all independent full-service restaurants surveyed expressed moderate to strong interest in offering goat meat on their menus. This widespread interest offers producers the opportunity to cultivate market outlets where goat meat can be properly prepared by restaurant chefs and offered to consumers as a novelty menu item. In a pilot study this past year, one Gainesville restaurant sold approximately 200 to 250 pounds (carcass weight) of goat per week.

Once consumers are introduced to properly prepared goat meat in restaurants, they may wish to buy it through retail food stores. However, considerable time will probably elapse before there is sufficient consumer demand to entice most retail stores to carry goat meat. Thus, foodservice firms are likely to be the most promising sales outlets in the foreseeable future.
However, before generating a lot of interest among restaurant managers, the goat industry should have the capacity to provide adequate supplies of high quality meat at reasonably stable prices. Frequent, wild price swings wreak havoc with menu prices, and poor quality meat or frequent product shortages are sure to ruin chances of success.

Another important consideration is the product form required by restaurants. Few will want whole carcasses. In our pilot study, leg and loin roasts were well received, and goat sausage has also been popular. Obviously, fabrication of ready to cook items is costly, but restaurants are accustomed to paying for convenient products and they will avoid those that require a lot of preparation time.

SUMMARY

In summary, marketing strategies to reach more consumers and expand to the demand for goat meat can take two basic directions. The first is to examine traditional on-going marketing activities that are directed at current consumers and try to improve upon them. The current consumer base, which is largely comprised of ethnic groups, can be targeted and served better. This is an effective approach in the short run. However, if goat production should increase rapidly, producer prices are likely to decline unless the consumer base is expanded beyond the traditional ethnic populations. Thus, a long-run marketing strategy to introduce properly cooked, quality goat meat products to mainstream consumers
unfamiliar with goat is needed. One way to do this is to work with independent restaurants to create "novel" new menu items utilizing locally produced goats. In the long run, this approach may also enhance consumer demand to the point where goat can also be sold effectively through retail food stores.

Literature Cited

