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Market Opportunities for Meat Goats

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Introduction

This paper presents a brief overview of market opportunities for those interested in the meat goat industry. Overall, the opportunities for expanding and developing this market are limited. It is unlikely that goat meat will become as widely accepted by U.S. consumers as chicken or beef.

Nonetheless there is one major opportunity. One of the major demand drivers of the food system is ethnicity. The goat industry can appeal to this demand driver in one of two ways, marketing goat meat to Hispanics, especially those from Central America and Caribbean countries. The other major group to appeal to is Muslims. In order to appeal to Muslims, goat meat must be slaughtered and processed in accordance to Muslim dietary guidelines (Halal). Given the large Muslim population in Southeastern Michigan and Northwestern Ohio, marketing goat to this group of consumers probably maximizes the probability of being successful. Another consideration of marketing goat meat is the fact that the demand for goat meat is highest around Muslim holidays. A farmer, cooperative or other goat meat marketer needs to be able to supply sufficient numbers of animals when demand is at its peak.

The U.S. is a net importer of goat products, primarily from Australia and New Zealand. This is evidence that there is the potential to expand the market for goat production in the U.S. This is particularly true given the fact that imported goat meat is mostly frozen and many customers prefer the taste of fresh goat meat.

This paper will analyze the market opportunities for goat meat, and identify possible contacts for producers, cooperatives and other organizations interested in selling goat meat.

Market Opportunities

Overall

From a large scale U.S. perspective, the market for goat meat is small and is likely to remain that way. While good consumption data for goat meat is difficult to come by, the demand for lamb, the closest substitute, is stagnant. Sales of lamb have declined from 2000 through 2004, although there has been a slight increase from 2002 through 2004 (Mintel, p.21). Unfortunately, sales are forecasted to decline from 2004 through 2009 (Mintel, p.76).

There is somewhat more positive market information with respect to goats. There are only about 2 million meat goats in the U.S. Michigan has 8,500 head of meat and other goats in 2005, a decline of 2,285 or 21.2 percent from 2002 (NASS, p.14). However, the President of the U.S. Meat Goat Association believes that the U.S. market has sufficient demand to support a herd of 15 million animals and that the demand for goat meat will increase by 40 percent by 2007 (billingsgazette.com, p.1). Nonetheless, most of the demand for goat meat comes from Hispanic and Muslim consumers.

The broader general market is even bleaker for the Midwest. Consumers in this part of the country are very small consumers of lamb and other meats that are considered more exotic (Mintel, p.21).

Ethnic Opportunities

One ethnic group that has grown dramatically in the U.S. is Hispanics. From 1990 to 2002, the number of Hispanics increased from 22.3 million to 37.4 million, an increase of 67.5 percent (Intel, p.13). Hispanics are now the largest minority group in the U.S., and the number of Hispanics is expected to increase in the future. This is important because Hispanics consume more goat meat than whites.

Despite the increase in the Hispanic population the greatest potential probably lies in selling products to the Muslim market. According to Psychiatric News, 300,000 people of Arab descent live in Southeast Michigan. This is the second largest Arab community in the world outside of Middle East. Nationwide, it is estimated that more than 8 million Muslims live in the U.S. and that Islam is now the fastest-growing religion in the U.S. (Psychiatric New, p.13). Goat meat is a traditional part of the diet of many people from the Middle East.

In order to satisfy the demand for goat products targeted towards Muslims the products need to conform to Muslim dietary laws. Products that conform to Muslim dietary laws are called Halal foods. In order for goat meat to be Halal it must be slaughtered by a Muslim butcher, who says a prayer to Allah and the animals must be drained of blood before processing (Morrison, p.4). The animal's head must also be facing Mecca at the time of slaughter (Larson and Thompson, p.2). While the largest group, Arab Muslims are not the only potential market for Halal goat meat. Other Muslim groups include Pakistanis, Indians and Somalis (Morrison, p.1).

It has been reported that Muslims prefer a 35 pound carcass. Apparently, Muslim consumers prefer grass-fed goats to grain-fed, but both would be considered Halal (Ohio Cooperative Development Center, p.2).

A further way to expand the demand for goat meat is to offer products that are devoid of additives or are grown organically. Sales of organically produced meat products rose from \$26 million in 2001 to \$121 million in 2004 (Mintel, p.12). Growth potential remains for organic products. This includes goat meat products.

In order to maximize the profits for goat producers, it is important to match supply with fluctuations in demand. The demand for goat meat tends to be highest at the beginning and end of Ramadan, an important Muslim religious time of fasting between dawn and dusk. Demand is weakest in the middle of summer when supplies tend to be largest (Morrison, pp.2-3). There is also an increase in demand for goat meat during the Christmas and Easter season (Ajuzie, p.3).

The U.S. is a net importer of lamb. In 2003, the U.S. imported \$353,000 in lamb virtually all of it from Australia and New Zealand (Mintel, p.24). This product is frozen, fresh U.S. raised goat products might effectively compete against frozen meat products from these countries, especially if the product was offered at a reasonable price. It is estimated that 10 million pounds of goat meat was imported in 1998. Most of the goat meat in sold in stores is imported (Morrison, p.2).

Marketing Options

While appears to be growth potential for meat goats, it is likely that this market will remain small. Traditional outlets such as auction markets are not likely to generate consistent market access for producers. Finding a processor is more likely to be the

safest and most profitable outlet for goat producers. To obtain the highest price and insure market access a producer needs to maximize the quality of the product and to deliver a consistent supply of product when requested by the processor.

One way to find potential processors of goat meat products is through the USDA. The website for the USDA Packers and Stockyards offices including the office serving Michigan is <http://www.gipsa.usda.gov/GIPSA>. These agents should be able to identify bonded livestock packers. The regional USDA Packers and Stockyards office should also be able to provide information on the financial status of potential processors of goat meat (Stanton, p.1). The website also has other information including information on contracting with processors.

One firm that may be interested in goat products, especially products that are or could be Halal is Wolverine Packing, located in Detroit. The firm is a major processor of lamb (Mintel, p. 29), but may not handle goat. Its website can be found at the following location <http://www.wolverinepacking.com/index.asp>. Wolverine Packing does offer Halal products.

Other Southeast Michigan firms that may handle or process Halal goat products are Bob Berry and Sons Halal Meats 42889 Dequindre Rd. Troy, MI 48085 (248) 879-0927 and El Zahra Halal Meat 15237 W. Warren Ave. Dearborn, MI 48126 (313) 584-0220.

An organization that could provide useful information about Halal foods, including certification is the Islamic Food and Nutritional Council of America (IFNCA). The IFNCA website can be found at <http://www.ifanca.org/index.php>.

Another way to identify potential outlets for goat meat products is to identify specific Halal retailers and restaurants that serve Halal food. While supermarkets are the dominant source of meat products for consumers, specialized ethnic stores may provide the best opportunity for market access for goat producers. Some of the retailers and restaurants in the Detroit area are: Al Sultan, Ayse's Courtyard Café, Khan Kurdhish, Shahi Restaurant, Lion's Pizza, Cedarland Restaurant, Harmonie Gardens, La Pita and Al Ameer (Iqbal, p.3).

It should be noted that these processors and retailers may or may not be interested in new suppliers of goat meat. They are identified as firms that process or sell goat meat; they may be satisfied with their current supply chain.

Another option is for the producer or a group of producers to directly market the goats and goat products themselves. While this would allow the producers to capture higher prices it would also require the producer to engage in additional activities such as transportation, slaughtering, breaking, packaging, storing, etc. If interested in direct marketing, it should be noted that all animals offered for sale must be slaughtered and processed at a facility that is licensed by either the state or federal government (Larson and Thompson, p.1). Currently, Michigan does not offer a state meat inspection service.

No matter what method of marketing is used it is important to establish a paper trail (Stanton, p.2). Contractual arrangements including prices, time of payment and time and amount of animals delivered is important to eliminate misunderstandings and to clearly establish each party's responsibility.

Given the small size of most goat producers in the state some type of collective marketing arrangement may be necessary for successful entry into the market. An

individual producer may not be large enough for a processor or retailer to justify the extra time and expense of handling an individual farmer's goats. On the other hand, a group of producers may collectively produce enough goats to meet the needs of a processor or retailer. A cooperative or other joint marketing arrangement could increase market access for individual goat producers.

Conclusion

Overall, the market for goat meat is small. Furthermore, it is unlikely that goat meat will be widely adopted by U.S. consumers. The decline in the number of meat goats in the Michigan is a troubling trend for the future of the industry.

However, there does appear to be some potential to expand the goat meat market in the state. While in absolute terms the amount of goat meat imported is small, the fact that goat meat is imported does show that there is potential to expand the market; especially given the fact that many consumers prefer fresh goat meat to frozen goat meat.

The primary market for goat meat is ethnic consumers. The ethnic market that shows the most promise is Muslim consumers. Given the large and growing Muslim population in Southeast Michigan, producers in the state are well positioned to serve this market. However, in order to do so, producers need to be aware of, and handle goats in accordance to, Halal regulations.

There are several marketing options available to goat producers. One way is for the producers to become involved in processing and selling the animals themselves. However, this would be difficult and time consuming. Another way is to sell through livestock auction markets. However, given the small number of goats, this is also not likely to be an effectively profitable way to sell meat goats. Working directly with a

processor may be the best way to ensure market access and obtain a higher price provided that the goat meat producers can meet the quality and quantity standards requested by the processor. There are several possible processors and retailers listed in this paper. The USDA may be another source of potential market outlets. In order to generate the number of animals that processors might be interested in producers may need to form a cooperative or engage in other collective marketing arrangements.

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