

“How are we doing now? ...Good!”

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Growing Pains For A Developing Goat Market

Few other commodity introductions have captured the state of Kentucky's interest quite like the meat goat industry. The Boer goat breed was introduced into the US in 1991 via Australia and New Zealand. Boer goats moved from Texas to Oklahoma, Louisiana, Georgia, North Carolina, Kentucky and the Eastern US in 11 years. The top three goat producing states are reported to be Texas, North Carolina and Kentucky respectively.

For Kentucky farmers to be successful meat goat producers, they must be aware and secondly take advantage of all appropriate marketing opportunities. Unlike many well-established livestock markets, there is little room for halfhearted attempts at marketing this product. This statement can be supported by the fact that it is almost impossible to purchase goat meat in mainstream meat outlets or restaurants, therefore goat meat is not yet readily available to the consumer.

However, in 1977, some 45,000 goats were slaughtered in US federally inspected plants. By 2000, the number had climbed to 548,736 goats, a 12-fold increase. The total number of goats unofficially slaughtered in the US may be in excess of 1 million yearly. This is a small number when compared to beef or lamb, however among the three sources of red meat, only goat numbers have shown a statistical increase from 1980 through the 1990's. During this same period, the US became a net importer of goat meat (Australia and New Zealand, 2001, 12.6 million tons) rather than an exporter. These industry changes are in response to changes in US demographics. More and more Americans were born outside the US (presently at least 10% of US population was born in another country). Fifty one percent of these are from a Latin country of origin and the remainder is made up of people from many countries of Asia and Africa and is of the Muslim faith.

Australian and New Zealand supply a major portion of the goat meat sold commercially in the US. The market has been growing at an annual rate of greater than 30% since 1990 and has been able to piggyback on the Australian and NZ lamb export industries. Australia and NZ have been able to develop highly professional, centralized in-country slaughterhouses specifically for lamb export purposes. Both countries have successfully captured export markets in British Commonwealth countries such as Jamaica and India. It is without a doubt that the expanding US goat meat market is on the planning agenda of these successful exporters. Why is the US not evolved in this export market? One reason is that we don't have a powerful lamb industry infrastructure to carry us to these markets and secondly, the consistent strength of the US dollar puts US farmers at a disadvantage on the global market when compared to Australia, New Zealand and even Canada. Many domestic industry leaders are now asking the question, why should US retailers buy the home grown meat when they can import frozen carcasses and cuts at half the in-country price?

A few likely answers to this question is that most emigrant families do quite well in the US economy and are considered upwardly mobile in a financial sense and therefore they like to splurge on a “farm fresh”, locally slaughtered goat for weddings and other festive events. At the same time, many new residences wish to eat goat on a weekly basis in stews and soup dishes. Therefore, much of the focus of farmers, Extension workers and the US goat industry must focus on finding ways to make the consumer and processors access to goat meat much easier than it has been in the past. Quality products must be available year round. Furthermore, the US meat goat industry must make certain that the children of new Americans are nurtured in their ethnic culinary traditions. It is by all means counterproductive if goat meat is available only sporadically, and if specific carcass preferences are ignored which includes the desire for meat void of drugs, growth stimulates and physical blemish caused by bruising or injection site necrosis. Issues of purity and blemish free are serious issues for many cultures. Ethnic people must be made to feel welcome to visit farms and farmers having a field full of marketable goats. We do not need to totally limit marketing of goat and goat products to the “ethnic” market. There is a developing and potential domestic market for goat meat, milk and cheese.

Some Marketing Strategies for Kentucky Farmers

Pooling: Pooling or co-mingling of animals into graded grouped livestock marketing packages has a long history in Kentucky Agriculture. Kentucky is noted for graded feeder calf and lamb sales. Animals are generally received from small farms yielding small numbers of animals, they are graded and grouped and sold in large packages making them more marketable on the regional or national level.

On the regional as well as local level, Kentucky goat farmers have benefited from loosely organized to a more formal organization of marketing associations. The purpose of these organizations is to market jointly, graded groups of like weights, age and type slaughter kids that are sold to buyers, processors and distributors of the product. Kentucky has successfully developed a type of informal organization operating regionally, by marketing kids through the Kentucky Department of Agriculture, Marketing Division’s Tel-O-Auctions and graded slaughter kid sales. These sales have shown to be financially advantageous to farmers who have participated in these activities. Farmers who have participated averaged \$11.88 /head above those marketing independently at the same time period.

Pooling Direct Farm Sales: Other Kentucky farmers have pooled small groups of slaughter kids and have successfully sold them direct to consumers. This process takes a bit more planning and work because these farmers must seek out the consumer and make a clear agreement well in advance of the initial sale. These farmers report that once the trust is built, subsequent marketing is simple. The farmers group animals having the desired weight (60-80 lbs intact male goats) having purity of appearance such as no bad eyes, feet, legs, abscesses or too fat. They are inspected by the Imam (priest, elder, or male head of house) and the purchase is made. The farmers transport the animals for the owner to the custom slaughterhouse where they are slaughtered by Halal tradition. The meat is transported and distributed to families and friends of the Imam. In this case, approximately 30 animals are sold each month. The farmers receive \$1/Lb of live weight regardless of time of year. Most Asian Americans want to spend \$100 per

animal. Therefore, when calculating the price per pound, the processing cost should be considered (\$20-\$35/head) in the total price.

Pooling On-Farm-Slaughter: On-farm-slaughter marketing is similar to the above with the exception that following the live animal sale to the customer, the new owners slaughter the animals and carries the meat and offal away. In this case, farmers should provide a site suitable for slaughter and offal management.

Goat meat marketed in this manner is generally used in daily servings of stews and soups. Stew goats should be thin enough that fat is not visible during the boiling process. This would translate in to a grade 2-3. Desirable weights are 60-80 lbs with the exception of the Meat Feast (Eid-Holin) celebration when a 70-90 lb intact male, 10 to 11 months of age is used in the feast. Many hispanic customers have learned the value of the Boer genetics and are willing to go up to 100 Lbs of live weight. To a lesser extent, they are interested in the Cabreto (20-30 Lbs live weight veal goat) and the Chevo (broken mouth goat weighing 100-150 Lbs). The Chevo is more goat for the buck. Farmers report that Hispanic customers are to some degree less concerned with the flawlessness of the goat.

Pooling Goats For Cosmopolitan Gourmets And The Health Set: In addition to horses and bluegrass, Kentucky is becoming a wine producing state. Many wine producers have found ways to entice the gourmet seeking Kentuckian into local wineries for the purpose of drinking wine and tasting exotic food. Many such Kentuckians have traveled to countries where goat is served and they have tasteful memories of that experience lingering on their pallet. Some Kentucky goat farms have pooled resources and have cooked and served ground goat meat and chops at such events. Goat burgers are generally priced at \$3.50 and chops \$5.50. However, some producers have reported prices of \$10.00/lbs for this type of clientele.

Goat meat is high in protein and low in saturated fat. Goat meat may be on the list for the desirable American low fat diet. However, for this to develop substantially, goat must become a mainline food item and as easy to purchase as skinless chicken.

This type of marketing requires investments of time, equipment as well as having to make arrangements for slaughter, transportation, and communication with the winery owners and compliance with health requirements. The same is true for those farmers selling specialty cuts to restaurants. It is important to count all costs involve in this type of operation.

Kentucky Processing of Halal Goat Meat: A west Kentucky processor, Kentucky Specialty Meats, Princeton, Kentucky will go on line this fall (2003) processing goat meat for the retail market. In addition to sales to individuals, goat will be made into barbecue, packaged and sold in retail outlet stores. Secondly, Farm Specialty Meats has a proposal for establishing a processing plant in Pine Knot, Kentucky. If funded, the facility would concentrate on the traditional cut meat trade as well as the production of a Halal caned stew that will be marketed to Asian American student attending schools in the US.

Improving Accessibility

How can product be made available year around? Currently, we are probably lucky to have the Australian meat to fall back on. However, distributors may become more dependent on the on the imports due to availability and dependability. If there is further expansion of the national herd, there is a need to develop a bases of individuals willing to manage their herd more intensively either through accelerated breeding cycles (breeding on 8 month cycle) or staggered kidding (break the herd in to breeding groups and kid several times per year) in order to provide product on a year round bases. This is difficult to do and would be an extensive educational as well as an organizational undertaking. There would be a need for the industry infrastructure to offer some financial adjustment for farmers willing to intensively manage goats in order to sell them on a lower market. This type of management activity is also applicable to local and direct off the farm operations. As stated above, many cultural groups want to eat goat on a daily basis and not just during the holiday times.

How can farmers make goat product easy for ethnic groups to find? Kentucky farmers and farmer associations must become more assertive as well as creative in finding new ways to contact different ethnic groups. A group of Kentucky farmers have been asking for meetings with mosques and/or Hispanic church groups while others are making appointments with college and university foreign student associations. Still others hand out business cards at goat auctions, stockyards and local ethnic events and festivals.

Furthermore, the national industry has a need for a web based marketing service directory that cuts across states and regions identifying meat goat dealers, distributors, packers, processors and transporters. Furthermore, small USDA certified slaughterhouses willing to process sheep and goat are decreasing due to the high cost of business and environmental considerations for disposal of small ruminant offal. Cooperating facilities should be publicized and patronized by the industry insuring continuation of processor viability. Finally, there is a need to consolidate the industry across the US by encouraging livestock auctions to market goats by the pound rather than by the head. This would consolidate and make clear the pricing structure for slaughter kids and utilities. This would be equally beneficial for both the seller and the buyer.

Improving Desirability of Goat Product

It is commonly stated by the goat industry that there is a buyer for every goat on the market. The tricky part is the identification of the buyer, and to further determine when the buyer needs the product. This is true on the National level, but it is most important when trying to build a local market. Farmers must educate themselves on the customs and holidays associated with each potential buyer. This would direct the producer to have on hand various products for particular seasonal events. Secondly, it is also important for the producer to communicate with the buyers regularly thus making sure that accurate description of the product is being given to the buyer. Otherwise, everyone involved in the process may find themselves in a disappointing set of circumstances.

Moreover, producers have a personal investment in educating the consumer about the Kentucky grown, product by communicating production techniques as well as clarifying the attributes of the Boer X goat that weighs 100 lbs at 6 to 8 months of age. Knowing how to contact and communicate effectively with the buyer is the first step toward meeting customer desires.

2003 Tel-O-Auction and Graded Sales

Thus far in 2003, we have proven our ability to effectively market numbers of quality meat goat kids. With four delivery locations for the Kentucky Goat and Sheep Tel-O-Auction scattered across Kentucky and three regional graded sales on a monthly or semi-monthly basis, we are pooling hundreds of slaughter kids per month from all parts of Kentucky. The common denominator for all graded markets is quality with one regular buyer claiming Kentucky goats as the highest quality he has found anywhere. Quality has improved over 2002 as we are now seeing more selection one goats marketed and fewer selection three's.

The ideal weight for slaughter kids is in the 50-70 pound range, as this weight produces the most desirable sized carcass for the ethnic market. Goats less than 40 pounds are typically sold as feeder kids due to the absence of a slaughter market in the area for these small kids. A year ago these kids were of little value, but more farmers are beginning to recognize the opportunity that exists in purchasing these lightweight kids for feeding and their value is increasing. Once goat kids reach a weight of over 80 pounds, they are considered too heavy for some markets and they are typically docked \$.10 - .20 per pound.

Goat markets have a definite seasonal nature and this seasonality has held true thus far in 2003. Typically goat kid prices are highest from November through May, with a peak in late winter or early spring. Prices during this time of year generally range from the mid \$.90's too as high as \$1.20 per pound. Prices begin to drop for the summer/fall around June or July and usually stay depressed until around November. This summer, prices for slaughter kids held longer than expected with prices still near \$1.00 per pound in late June, and since then have ranged from the low \$.80's to mid \$.90's per pound. This seasonal price shift is largely due to the more plentiful supply of 40-80 pound slaughter kids during the summer and fall months, and the scarcity of available kids in late winter and spring.

Kentucky has not had the opportunity to market enough numbers of cull does and bucks to obtain a clear picture of these markets, but prices seem to follow the same seasonal pattern as kids. This winter and spring cull does in good body condition were worth around \$.50 per pound and cull bucks were worth around \$.65 - .70 per pound with some selling just prior to Christmas for over \$1.00 per pound. Locating a buyer even interested in bidding on culls this summer has been difficult at times and prices have dropped considerably for both groups.

Regardless of time of year or weight range, the grouped and graded sales, including Tel-O-Auctions, have considerably outperformed the Kentucky per head markets. In 2003, graded markets surpassed per head sales by an average of \$11.88 per head with a range of \$6.30 to \$19.70 per head.

With the growth of the goat industry in Kentucky, we should see larger numbers of slaughter kids entering the market in the future. This number will continue to climb as the industry stabilizes and fewer doe kids are kept as replacements and instead enter the meat market. Even with continued growth, the future market for meat goats in Kentucky looks strong with no indications that we are in danger of over supplying the current market, as demand continues to outstrip supply. In fact, competition for Kentucky kids is likely to increase in the future for two

reasons: the addition of a western Kentucky goat processor into the market, and the education of new buyers that Kentucky has numbers of quality kids available.

The seasonal price pattern for market kids will probably continue due to the natural breeding season of goats, which results in most kids reaching market weight in the summer and fall months. Over time, some producers will manage breeding seasons to take advantage of the higher winter and spring prices, but it is doubtful it will be enough to change the price pattern.

1. Current trends in goat production in the United States, 2002: Sherman, S. M. DMV, New England Animal Health Institute, Dept. of Food and Agri. Comm. Of Mass. Boston, MA.
2. Export potential, market outlook, and value-added processing of meat goats and meat goat products, 2003: Staton, Tatiana, Northeast Sheep & Goat Marketing Program, Cornell Univ., Ithaca, New York

