



August 2000 Update

Direct/Local Meat Enterprise

Next Events: *Licking River Field Day, September 14th in Morehead*

This newsletter is mailed to anyone who is interested in learning about and helping with direct and local meat marketing opportunities.

This Project is a joint effort of several groups, farmers, UK, KY Dept of Ag, KY State U., Partners for Family Farms and others.

It is supported by UK, the Kentucky Dept of Agriculture and the USDA.

*More info?
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Building Customer Loyalty

In order to become a successful direct marketer, one must find customers who will repeatedly purchase their product. The key to building customer loyalty is communication. Many have learned to use a newsletter as a way to stay in touch with customers. Regardless, find some way to maintain contact with your customers year-round.

Solicit feedback whenever possible. Encourage current customers to recommend your product to their friends, and reward them when they do. Satisfied customers can be your best salespeople.

Lastly, be up-front with your customers. Be clear about your pricing structure and tell them what to expect before they purchase. Customers will be more likely to return if there are no surprises.

Beef Update

Five steers were processed in June at the UK Meat Lab for

three different producers. One of the steers was sold to a Lexington restaurant.

Two steers were sold to individuals in large quantities. One of these was sold at \$1.10 per pound live wt. while the other was priced at \$.76 per pound live weight.

Another Steer was sold half by the cut and half to an individual as freezer beef. The steer was marketed as being low fat. The net return after processing on this animal will exceed \$.90 per pound live weight.

Finally, one steer was sold on the rail to a local meat market. This animal was priced at \$1.40 per pound carcass weight. Under market conditions for killing, the return to this producer is \$.84 per lb.

Lamb Update

On July 24th, seven lambs were processed at UK's meat lab. The lambs were sold to individuals as freezer

lambs for \$1.00 per pound live weight.

The lambs yielded approximately 36 pounds of saleable meat. This amount of meat is much more manageable for the average family than a side of beef. For this reason, lamb producers have more flexibility in how they market.

Pork Marketing Chain

In the July newsletter, we walked a steer through the traditional marketing system. Below is a similar analysis of the pork system.

A 250 pound market hog typically sells for around \$.38 per pound or \$95. The cost of producing this animal is roughly \$.30 per pound or \$75. This leaves the farmer with a profit of \$20 per head.

This market hog yields a carcass that weighs 182 pounds. The composite value of this processed carcass is around \$123 per head or \$.68 per carcass pound, which includes \$6 per head offal value. The processor sees a

margin of \$28 per head, and a net profit near \$5 per head.

A retailer purchases the meat as described above. The retail value of the average animal is \$330, over \$1.30 per live pound. Pork products are often further processed than beef, which explains the wider margins above wholesale.

Current hog prices are at levels well above the averages used in this analysis. Here are some current prices in the Pork industry.

Live Market Hog	\$46 per cwt
Whsl. Carcass	\$69 per cwt
Offal Value	\$4 per cwt
Whsl. Loin	\$96 per cwt
Whsl. Ham	\$56 per cwt
Whsl. B. Butt	\$65 per cwt

Customer Surveys

To date, very few of you have sent names of customers to be surveyed. The information that we learn from these surveys will be very useful as we try to develop this market. You may send names to me by e-mail at kburdine@ca.uky.edu, by phone at (859) 257-7257, or by mail at the address on the front page.

Based on a limited number of respondents, we have very positive feedback thus far. Respondents indicate that personal contact is the primary marketing method. In addition to positive attributes about the meat, support of local farmers was mentioned as a reason for purchase.

Although the meat was sold at profitable levels for the producers, respondents indicated that the meat was correctly priced. This is most likely a function of the fact that all respondents said they were told up front how much meat to expect and they got what they expected. With your help, we will continue to update you on customer survey responses.

Meat Lab Scheduling

Slaughter dates are filling up fast in the meat lab. Currently, August is completely booked and it appears as though September is as well. We have some animals scheduled as far in advance as November. If you would like to use the lab in the coming months call or e-mail as soon as you can. Even if the lab is not available I can help you find a processor that suits you needs.

For Change of Address Return Address Label

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Meat Price Report (per cwt.)

Beef			Pork		
	<u>Current</u>	<u>Yr. Ago</u>		<u>Current</u>	<u>Yr. Ago</u>
Slight. Steer	\$64	\$65	Slight. Hog	\$46	\$35
Whsl. Carcass	\$111	\$112	Whsl. Carcass	\$69	\$60
Whsl. Ground	\$93	\$90	Whsl. Ham	\$56	\$44
Whsl. Chuck	\$95	\$88	Whsl. Loin	\$96	\$90
Avg. Retail	\$279	\$257	Avg. Retail	\$260	\$241