

North Carolina Niche Meat Producers: Survey 2013

This report summarizes the results of a spring 2013 telephone survey of registered meat handlers in North Carolina.

Why a Survey on Niche Meat?

Consumer demand for “local food,” food produced close to the point of sale and having additional attributes such as “natural,” “healthy,” “sustainably raised,” and “from family farms” continues to grow. Most recently, the National Restaurant Association reported “locally sourced meat and seafood” as the #1 “Top 10 Trend” in the “What’s Hot 2013 Chef Survey.”¹

In North Carolina, we can see this demand reflected in the growth in meat handler registrations issued by the Meat and Poultry Inspection Division at the North Carolina Department of Agriculture and Consumer Services (NCDA&CS).² Between 2008 and 2013, the total number of registrations grew from 180 to over 680 farmer meat handlers. The North Carolina Niche Meat Producers Survey was conducted to gather information to describe and to measure the value of this growing industry.

Who Did the Survey?

To help answer questions on the niche meat industry in North Carolina two Center for Environmental Farming System initiatives (cefs.ncsu.edu) partnered to design, implement, and analyze the results of the survey. *NC Choices* promotes the advancement of local, niche and pasture-based meat

What is “Niche Meat?”

Niche meat is marketed using claims that differentiate it in two general ways: superior or unique product qualities, and/or social or credence attributes. These “alternative” attributes of meat respond to increasing consumer concerns regarding environmental impacts, animal welfare, and human nutrition. These include, but are not limited to, the following marketing claims or categories: organic production; grass -fed; pasture -raised; raised without antibiotics or added hormones; cage -free; free -range; heritage breed; and humane husbandry practices. Niche meats, as discussed in this context, also include the increasingly popular claim, “local.” Niche marketing claims are regulated to varying degrees.

¹ Ostrom, M. (2006). “Everyday meanings of ‘local food’ views from home and field.” *Community Development*, 37(1): 65-78; Bond, C., Thilmann, D., & Bond, J.K. (2008). “Understanding consumer interest in product and process-based attributes for fresh produce.” *Agribusiness*, 24: 231–252. <http://www.restaurant.org/News-Research/Research/What-s-Hot>

² Individuals who wish to process their meat (slaughter, pack) at an NCDA&CS or USDA-certified meat processing facility in North Carolina must be registered as a North Carolina meat handler (<http://www.ncagr.gov/meatpoultry/meathandlers.htm>)

supply chains (ncchoices.com) by facilitating educational and networking experiences for producers, processors, food professionals, and buyers and by providing technical assistance to commercial meat processors. The *North Carolina Growing Together* project (ncgrowingtogether.org) is a multi-partner initiative designed to bring more locally-produced food into mainstream markets. The two initiatives are working together to develop niche meat supply chains and support the sale of diversified meat products into mainstream grocery and food service markets.

What and Where is Niche Meat Produced in North Carolina?

Survey respondents reported a total of \$19.6 million in sales of niche meat over the past year, with the median sized meat operation having 30 acres and grossing \$23,310. Meat operations ranged from one to 2,000 acres in size.

The typical niche meat producer in North Carolina owns 30 acres, spends about \$3,500 in processing per year, travels 110 miles roundtrip to a processing facility, and sells about \$23,000 worth of meat products per year.

Of the total 292 survey respondents,³ 35% could be characterized as “direct-sales only.” This group of producers sold meat products valued at \$2.6 million in 2012 direct to consumers from off-farm and/or at a farmers market. Another 61% sold through a mix of direct sales, indirect sales (to restaurants or grocery stores), and wholesale (to a processor or other aggregator), for an estimated 2012 value of \$14.0 million. Another 4% of respondents were aggregators. Data in this report is based on non-aggregator operations only to avoid the possibility of double-counting.

NC Niche Meat Production by Individual Producers: Acres by Extension District*

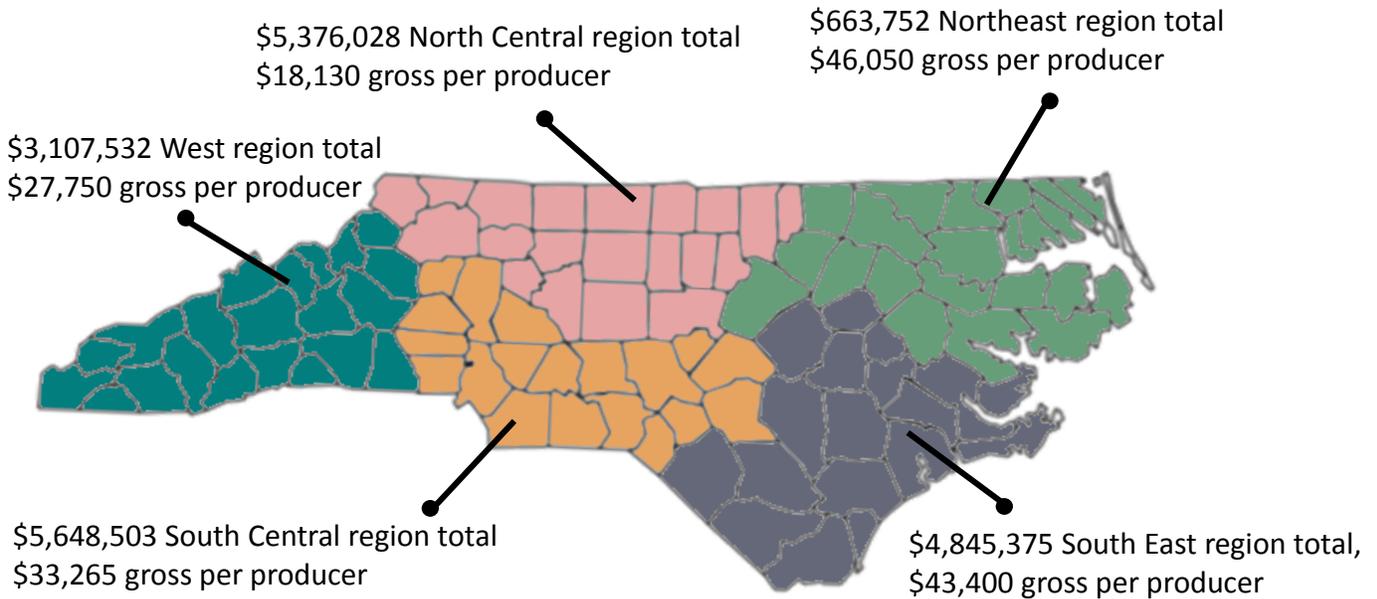
Extension District	producers	acreage	median acres	range acres	total value	median value
North Central	129	7,033	30	1-520	\$5,376,028	\$18,130
North East	12	864	32	12-350	\$663,752	\$46,050
South East	18	2,173	68	1-499	\$4,845,375	\$48,400
South Central	51	6,216	34	1-2000	\$5,648,503	\$33,265
West	64	3,605	26	1-750	\$3,107,532	\$27,750
TOTAL**	271	19,880	30	1-2000	\$19,641,190	\$23,310

*Dollar values based on the following carcass weight and \$ per lb: Beef cattle, 700 lbs @ \$3.70/lb; Hogs 225 lbs at \$4.00/lb; Poultry 4 lbs @ \$4.50/lb; Lamb 60 lbs @ \$6/lb; Goat 60 lbs @ \$5/lb.

**271 of the 292 individual producers taking the survey responded to questions on head produced.

³ Survey Methodology, Limitations, and Analysis: Potential respondents consisted of the 544 individuals on the NCDA&CS list of registered meat handlers. The interviewer made three attempts by phone to reach respondents. Of the total of 544, there were 105 incorrect telephone numbers. Of the remainder, 292 agreed to participate in the survey, for a response rate of 68%. It is impossible to know if survey respondents are representative of those who were not reached or refused to take the survey. Nonparametric statistical tests were used to measure the possibility of statistically significant differences across various groups of producers, as discussed in the report text.

Total Value of Niche Meat Sold by Survey Respondents in Prior Year: \$19.6 million



Production by Species and Geography

Niche meat production is concentrated in the middle of the state, in the North Central and South Central Extension districts. The exception to this is greater concentration of beef cattle in the Southeast.

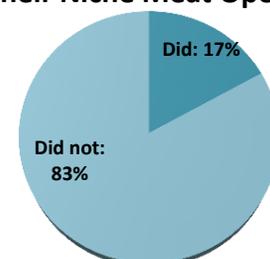
Extension District	Beef		Hogs		Sheep		goat		Poultry (chicken, duck, turkey)	
	farms	head	farms	head	far ms	head	farms	head	farms	head
N. Central	93	1064	45	2,169	23	455	6	106	33	27,614
Northeast	8	121	7	219	3	337	3	1,805
S. Central	9	234	10	4,319	5	570	1	45	4	7,680
Southeast	37	1,832	19	617	7	211	1	3	16	15,355
West	48	796	26	753	14	289	3	14	18	15,632
Totals	195	4,047	108	11,577	52	1862	11	168	74	68,086

The Average Producer and Financing the Operation

About 40% of respondents have been producing more than five years, and 60% for five years or less.

Seventeen percent had an existing farm operation before beginning niche meat production and 83%

Number of Producers Who Had an Existing Farm Operation Prior to Starting their Niche Meat Operation



did not. One-third of the farms inherited or used existing owned land, livestock or equipment, with about half inheriting or using existing equipment and land only, and the other half inheriting and/or using existing equipment, land, and livestock.

Sixty-five percent of respondents used prior off-farm income to start their operations, 17% used prior farming income, and 5% had both on and off-farm prior income to finance the meat operation.

Nineteen percent financed using loans, with a quarter of those receiving loans from friends and family (4% of all respondents), and two-thirds from financial institutions (13% of all respondents).

Do Producers Plan to Grow?

68% say YES

24% say they will MAINTAIN their current levels of production

5% plan to DECREASE production

3% plan to END production

Are Producers Profitable?

About ½ of producers say they are making a small or comfortable profit, while the other half say they are not or barely breaking-even on their niche meat operations.

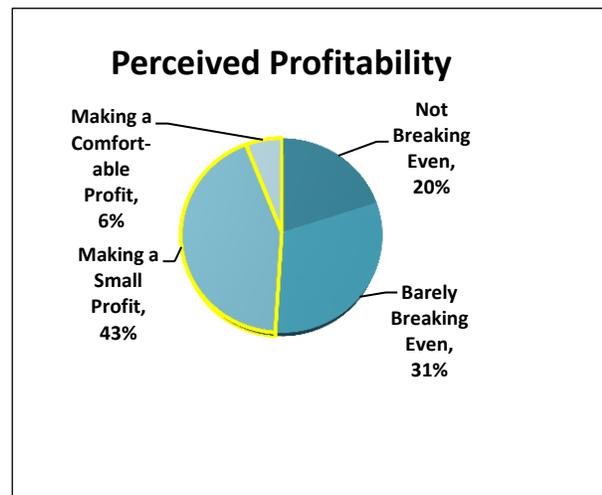
The producers making a small profit estimate that 11% of their household income was derived from the meat operation. This figure is 20% for those making a comfortable profit.

What Factors are Related to Perceived Profitability?

Statistical tests were used to investigate whether particular producer or farm characteristics were associated with producers' perceived profitability. These tests revealed that the *size of the operation* (measured by value of the meat harvested in the prior year) *is related to greater profitability*. This is true both when looking at all producers as a whole (those who

sell direct plus those who also sell to restaurants and grocers), and when considering these groups separately. From this comparison we see that those who sell direct only are *not* more or less likely to be profitable compared to those who have multiple sales channels, including wholesale.

Producers in urban counties are not more or less likely to report greater profitability than those in rural counties. The number of years selling meat was not associated with perceived profitability. This test

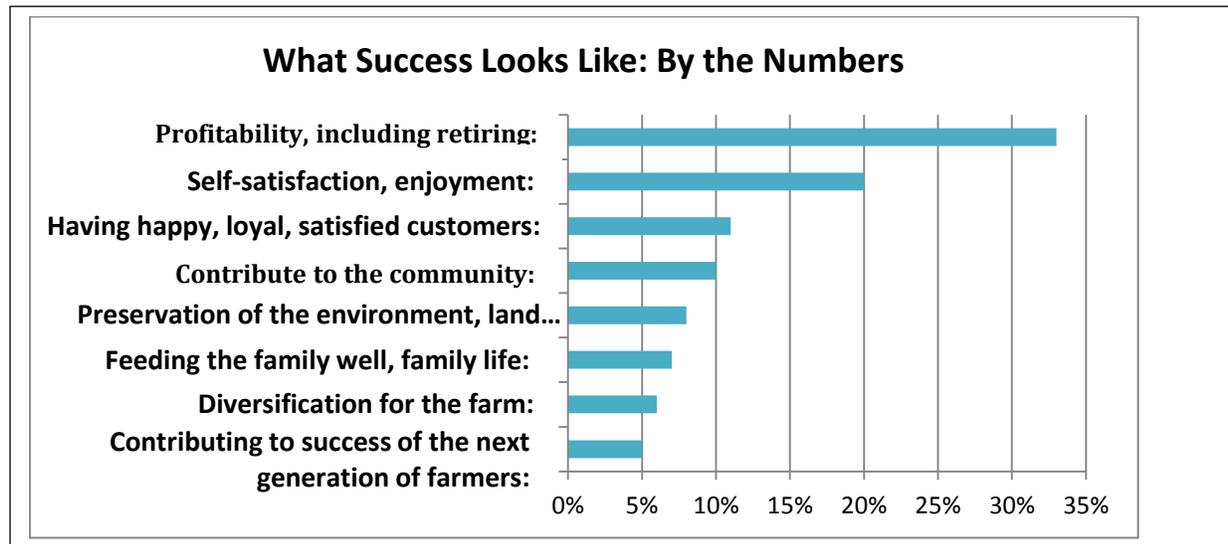


compared profitability for those who had been in business for more than vs less than five years. *No difference was found in perceived profitability based on source of start-up capital (for example, loan vs no-loan), or on species raised.* A comparison of perceived profitability between producers of beef, pork, or chicken (separate tests across subpopulations that only raised these or raised these in combination) did not reveal any significant differences in the breakdown of perceived profitability. In other words, those who raised beef, pork and chickens had the same percentage of producers saying they did not breakeven, barely broke even, made a small profit, and made a comfortable profit.

Certifications held, such as AWA or BQA may be associated with higher perceived profitability, but we can't answer the question definitively from this data. Producers who hold certifications are statistically more likely to report higher profits compared to those without certifications, but these producers are also larger than those without certifications. Certifications *may* be leading to stronger sales and/or higher prices and greater profitability. But we can't tell this definitively from the data.

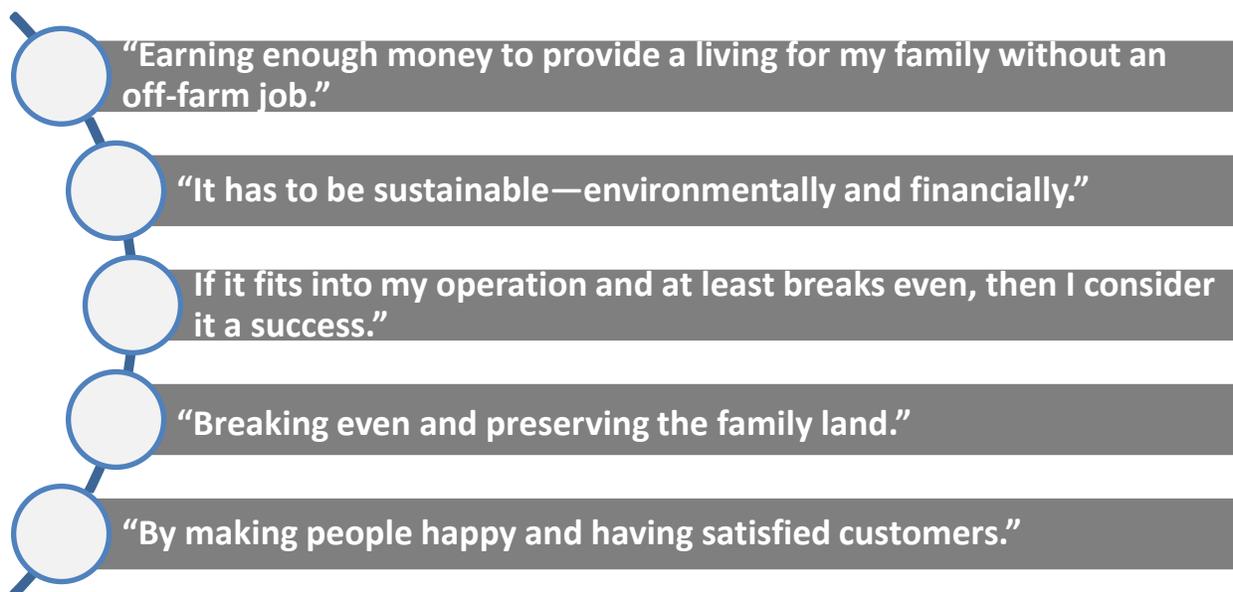
What Does “Success” Mean to Niche Meat Producers in NC?⁴

Niche meat producers are interested in being profitable, saving for retirement, and leaving off-farm jobs, but they also have non-monetary measures of success.



⁴ Respondents could give more than one measure of success. Their words were sorted into categories and tabulated. The percentages given in the tables above indicate the percent of total answers that fell into this category. For example, 33% for the category of “profitability” does not mean that 33% of the respondents chose this answer. It means that of the total 352 reasons given by respondents, 33% of these reasons had to do with profitability.

What Success Looks Like: In the Words of Niche Meat Producers



Producers and Processing

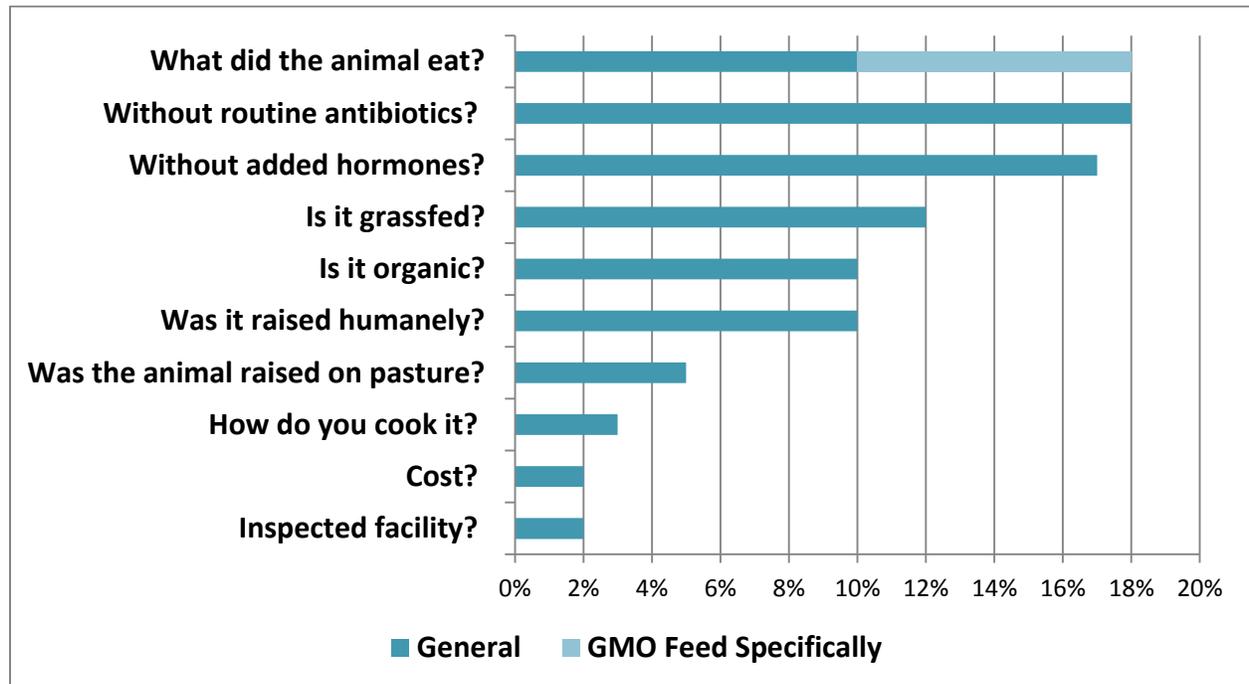
Producers are traveling a median distance of 110 roundtrip miles, and spending annually about \$3,350 on processing. This translates into a total of nearly \$3 million spent on processing by niche meat producers in North Carolina over the prior year.

Producer Spending and Miles Spent on Processing

Extension District	Producer roundtrip miles to processor, median miles	Producer spending on processing, median \$\$ spent prior year	Estimated \$\$ spent on processing in the past year
North Central	100	\$3,150	\$1,202,248
Northeast	144	\$3,150	\$77,191
South Central	190	\$7,640	\$348,830
Southeast	100	\$4,400	\$887,752
West	140	\$2,942	\$437,990
Median/total	110	\$3,350	\$2,954,011

Producers and Customers

Producers who sell directly to the public were asked what their customers most often ask them about their products. What the animals ate, is the product free of antibiotics, and was it raised using hormones, tie as the top three most often-asked questions.



*Answers to the question were sorted into the above categories. Respondents could note more than one question. Therefore, percentages are percentages of the total answers given. For example, 5% for the category of “was the animal raised on pasture” does not mean that 5% of the respondents chose this answer. It means that of the total 333 reasons given by respondents, 5% of these reasons had to do with customers asking if the animal was raised on pasture.

How Meat is Sold and What Cuts are Difficult to Sell

Most producers sell both whole, sides, and quarters as well as packaged cuts. With the exception of goats, for which whole carcasses are often sold for religious holidays and are a staple for many countries outside of the US, the majority of producers have trouble selling particular parts, in particular organ meat for beef, pork, and sheep; and feet, back, and neck for poultry.

When responding to questions about what cuts are most difficult to sell, 90 of the 192 beef producers (47%) note they do not have any trouble selling any part of the animal. Sixteen percent of those said that this was due to the fact they were processing most of the animal into ground. Thirteen percent noted they don’t have a problem utilizing the whole carcass because they primarily sell in bundles, for example through meat buying clubs and individual pre-orders.

For pork producers, 41 of 107 pork producers (38%) say they did not have trouble selling the whole animal, with 12% noting they utilize the whole carcass by either bundling or grinding into sausage.

How Meat is Sold by NC Niche Meat Producers

Meat forms sold =>	Just wholes, sides, quarters (or whole birds and bird cuts for poultry)	Just packaged for retail	Both whole/sides/quarters (or whole birds and bird cuts for poultry) and packaged for retail
Beef	5%	16%	79%
Pork	2%	18%	80%
Chicken	4%	0%	96%

What Management Systems are Used, and What Certifications are Held by Producers?

As the below tables indicate, the majority of NC niche meat producers are using pasture-based systems. Thirteen percent of the reporting beef producers hold third party certifications. The most common certifications held are Animal Welfare Approved (7%), USDA Grass-fed (5%), and BQA (3%). Animal Welfare Approved was also the most common certification for Pork, Poultry, and Sheep producers.

Beef Producer Management Systems (192 respondents)

Self-reported management systems, Beef	percentage
Intensive rotation	47%
Strictly grass fed (only forage/hay, no grains or supplements)	55%
Pasture-raised with grain or non-forage supplements	45%
Raised without routine use of antibiotics or added hormones	96%
Third-party certified	13%

Pork Producer Management Systems (107 respondents)

Self-reported management system, Pork	percentage
Indoor	
Deep bedded	9%
Concrete or slats	8%
Raised without routine use of antibiotics	12%
Outdoor	
Pasture-based	84%
Non-pasture-based	5%
Raised without routine use of antibiotics or added hormones	87%
Third-party certified	11%

Poultry Producer Management Systems (76 respondents)

Self-reported management system, Poultry	Percentage
Indoor	
Low-density indoor	3%
Raised without routine use of antibiotics	3%
Outdoor	
Pasture-based rotational	83%
Raised without routine use of antibiotics or added hormones	83%
Third-party certified	8%

Sheep Producer Management Systems (54 respondents)

Self-reported management system, Sheep	percentage
Rotational pasture-based system	94%
Raised without routine use of antibiotics or added hormones	94%
Third-party certified	13%

Conclusion

This brief glimpse into North Carolina's niche meat industry reveals a sector experiencing significant growth in line with national trends. Local and niche meat sales are still relatively new, leaving room for innovative businesses to meet the demand. Farmers, chefs, foodies, butchers, processors, and retail grocers remain at the forefront of this revival, pushing value-added products and whole animal utilization among other marketing alternatives to ensure niche meats grow as a profitable sector in our local food economy. At the same time, producers face challenges in getting their product to market at a price that pays a profit margin sufficient to support their work. According to a 2012 NC Choices survey, producers noted the following as the most significant challenges to growth: 1) high input costs, including meat processing, 2) lack of quality meat processing, including value-added production 3) lack of access to capital 4) difficulty marketing 5) distance to slaughter. As the niche meat industry continues to grow in North Carolina, producers and allied businesses seek to find creative solutions to tackle production and marketing challenges across the niche meat supply chain.

For more information on niche meat production in North Carolina:

NC Choices: ncchoices.com

Amazing Grazing: <http://www.cefs.ncsu.edu/whatwedo/researchunits/amazing-grazing.html>

North Carolina Growing Together project: ncgrowingtogether.org