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Selling Beef in Maine #1048

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Selling Beef in Maine

By Donna Coffin, Extension Livestock Professor, University of Maine Cooperative Extension

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With more than a million acres of farmland and adequate water, Maine can provide feed to a growing number of cow-calf, stocker, backgrounder, and finisher beef operations. Cattle can efficiently turn forage crops into a high quality protein for Maine people and for consumers throughout New England.

Experience of operators, availability of resources, and the market potential can all impact the success of a beef operation. Many beef producers utilize a number of marketing channels to even out farm cash flow as well as match the forage production on the farm. How to market their product is as important as how to produce it for the Maine beef producer.



Market Channel considers all the different ways you can sell your product. It's more than just retail and wholesale. It involves the movement of beef from where it is produced to where it will be consumed, and includes transportation, processing, storage, distribution, and transfer of ownership.

A beef producer can sell the live animal at the auction. That is one way, one channel. Or they could sell to a group of folks as a side or quarter. That is another channel. Farms usually use multiple "channels" to market their products. A beef producer may sell cuts of meat at a farmers' market, sides to families, and live animals at an auction.

Another way to look at it is you have different ways your groceries get to you. You can go to a big box store, a smaller family owned store, the corner market, farmers market, or farm stand. You have different channels to access your groceries.

The table below describes the risks, market needs, associated costs, and relative price of a variety of retail and wholesale market channels. For example, a cow-calf producer may sell some of their calves at auction as well as retain some to finish. Finished animals may be sold to friends and neighbors through freezer trade agreements, while cuts of meat may also be sold through meat CSAs (Community Supported Agriculture) or at the farm.

For more information on producing beef in Maine visit <http://umaine.edu/livestock/beef/>.

Risks, Benefits, and Requirements of Beef Marketing Channels

	Auction	Live Animal Broker / Aggregator	Freezer Trade	Meat Distributor	Grocery / Wholesale	Restaurants	Farmers' Market	CSA	Farm Stand	Internet Sales
Risks	Consistent option	May have production criteria to meet.	Upfront customer commitment	Distributors call the shots. Inconsistent orders, buyer back-out.	Inconsistent orders, buyer back-out.	Unpaid debts, buyer back-out. Can be slow to pay.	Low customer turnout, price competitive, leftover unsold product	Farmer commitment up-front, customers share risk	Low customer turn-out. Left over, unsold product.	High development and logistics costs with unknown sales
Prices & Profit	Price is low.	Price is medium to low.	Price is medium to low	Price is medium: Producer is "price taker"	Price is medium: Producer is "price taker"	Price is medium: Producer is "price taker"	Prices vary. Can be highest among channels. Labor costs relatively high.	Price similar to wholesale, however, profit is generally higher.	Prices vary, but high profit potential. Location is a big factor in price.	High price but high customer expectations for quality.
Volume	High	High	Variable (medium to high) depending on location & customer base	High	High to variable	Variable, usually small	Varies with market. Low to medium	Medium to low depending on customer base	Medium to low: location and competition dependent.	Low to Medium depending on marketing proficiency
Level of Marketing Management	Low	Low: relatively quick and easy for volume sold. Must meet criteria	Low to medium: some customer interaction to schedule harvest and cut-sheet.	Low: relatively quick and easy for volume sold. Must meet criteria	Low to medium: relatively quick and easy for volume sold. Must meet criteria	Variable: high level of service for volume sold	High: Many hours dedicated to selling. Most markets run 3 – 5 hours/day	High: Must sell memberships & facilitate weekly share pick-ups.	Variable: Ranges from unstaffed honor system to staffed stores	High: Need a web presence, online ordering capability.

Associated Costs	Animal transportation only	Animal transportation only	Animal transportation and maybe delivery costs	Animal transportation	Storage, delivery and unsold inventory costs	Storage, delivery and unsold inventory costs	Storage, delivery and unsold inventory costs	Storage and delivery.	Storage and unsold inventory costs	Storage, shipping and unsold inventory costs
Farmer Stress	Low	Low to Medium depending on advance commitment	Low to medium: Must meet customer expectations for repeat sales	High: Must meet product criteria.	Medium to high. Must have product available.	High. Must have high quality product available.	Low: "Show up or don't show up."	Low to medium: Must meet customer expectations weekly.	Variable depending on overhead & scale	Variable. Hard to match timing of consumer demand with available product.
License Needed	None for farmer	None for farmer	None for farmer	None for farmer	Wholesale Food Sales License	Wholesale Food Sales License	Retail Food Sales License & Mobile Vendors License	Retail Food Sales License	Retail Food Sales License	Retail Food Sales License
Harvest Facility	None	None	Custom Exempt, MDACF or USDA	MDACF or USDA	MDACF or USDA	MDACF or USDA	MDACF or USDA	MDACF or USDA	MDACF or USDA	USDA

Adapted with permission from LeRoux, M. Guide to Market Channel Selection: How to Sell through Wholesale and Retail Outlets. <http://ccetompkins.org/resources/guide-to-marketing-channels>, July 2011.

List of Resources

- United States Department of Agriculture (USDA) Harvest Facility: Animals harvested under USDA inspection and meat can be sold within Maine and other states.
- Maine Department of Agriculture, Conservation & Forestry (MDACF) Harvest Facility: Animals harvested under MDACF inspection and meat can be sold within Maine only. http://www.maine.gov/dacf/qar/inspection_programs/red_meat_poultry_inspection.shtml
- List of USDA, MDACF, and custom harvest facilities in Maine. http://www.maine.gov/dacf/qar/inspection_programs/red_meat_poultry_inspection.shtml
- Retail Exempt Processing: (no inspector present) cutting, grinding, curing or other preparation of meat from USDA or MDACF inspected carcasses in an inspected kitchen. See Maine Retail Food Code for more information. MDACF Chapter 331 or Maine Department of Health and Human Services Chapter 200. <http://www.maine.gov/dhhs/mecdc/environmental-health/el/rules.htm>
- Apply for USDA, Food Safety and Inspection Service (FSIS) meat inspection. <http://www.fsis.usda.gov/wps/portal/fsis/topics/inspection/apply-for-a-federal-grant-of-inspection>
- For USDA, FSIS Label Application and Guidance. For use on packaged meat products manufactured at USDA, FSIS establishments. <http://www.fsis.usda.gov/wps/portal/fsis/topics/regulatory-compliance/labeling/Labeling-Policies#Generic>
- Nutrition Information Charts for use on labels, handout or poster to satisfy 2012 federal labeling rule. <http://www.fsis.usda.gov/wps/portal/fsis/topics/regulatory-compliance/labeling/labeling-policies/nutrition-labeling-policies>
- A Guide to Federal Food Labeling Requirements for Meat and Poultry Products. A user-friendly introduction to the basic food labeling requirements for meat and poultry products. http://www.fsis.usda.gov/PDF/Labeling_Requirements_Guide.pdf
- Process and Product Review Testing by UMaine Department of Food Science and Human Nutrition review processes for potentially hazardous foods produced in the retail store environment. <http://foodsciencehumannutrition.umaine.edu/food-technology/process-and-product-reviews/>
- Meat and Poultry HACCP Training Courses: Theresa Tilton, UMaine Extension, Bangor, 207.942.7396, 1.800.287.1485 (in Maine)
- Vermont Red Meat Slaughter Process. <http://www.extension.org/sites/default/files/Vermont%20Meat%20Processing%20Regulations%20Chart.pdf> and <http://www.uvm.edu/~pasture/Documents/AAFM%20Slaughter%20diagram%202014.pdf>

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