

August 2007



Profitable Agriculture Alternatives Newsletter

Annette Dunlap, Editor

Tips for Marketing Beef Directly to the Consumer

UPCOMING CONFERENCES

**Profitable Produce:
A Workshop on Legal Liability
and Handling Food Safely**

When: August 7, 2007,
5:30 – 8:45 p.m.

Where: Ashe Cooperative Extension

Who: Open to the public and
Cooperative Extension

Registration and details at: [http://
cals.ncsu.edu/value-added/profit-
able_produce_ashe.pdf](http://cals.ncsu.edu/value-added/profitable_produce_ashe.pdf)

**Fueling the Future:
Biofuels and their Impact on
NC Agriculture**

When: August 13, 2007,
9 a.m. – 4:30 p.m.

Where: Onslow Cooperative
Extension

Who: Cooperative Extension Agents

*(A workshop open to the public is
scheduled for late November in this
region)*

Registration and Information at:
[http://www.ces.ncsu.edu/xlms/
event_display.php?event_id=1048](http://www.ces.ncsu.edu/xlms/event_display.php?event_id=1048)

Local demand for grass-fed and grass-finished beef is growing. As small producers are learning, an increasing number of people want to know the source of their food. This creates an excellent, and potentially profitable, market niche for the small producer who is willing to take the time to nurture a herd and develop a loyal beef customer base. It also, means, however, that producers are subject to state and federal regulations governing meat handling.

This newsletter is designed to acquaint producers with the basics of direct-to-the-consumer beef. A list of more in-depth resources can be found on the reverse side.

CREATING A NICHE

As local producers develop their customer base, they may encounter questions about the breed of the animal, the feeding program and the way in which the animal is slaughtered. In many cases, customers who are interested in purchasing beef from a local producer have done some research on the Internet. The sources of their information are varied, and some information may reflect the viewpoint of the web site's sponsor.

Local producers have an excellent opportunity to educate consumers on the realities of raising beef. For example, consumers may believe that certain breeds, such as the black angus – which is heavily marketed by supermarkets and restaurants – offer superior flavor and tenderness. Con-

sumers may also be convinced that a purely grass fed animal is superior to an animal that has had a mixture of feed and forage.

Producers should be prepared to explain to consumers that tenderness and taste characteristics are a combination of the animal's genetics, the feeding program, the way in which the animals have been handled throughout their lives and the manner in which they are slaughtered. Producers who do not sell fully grass fed cattle should be prepared to discuss the merits of their feeding program. They should be able to explain why an animal that is not 100% grass fed, but has not been administered added hormones, is still a safe and healthy animal to eat.

While it is true that the feeding program offers a sustainable marketing niche, the development of a dependable relationship between the producer and the customer is the strongest and most sustainable of all marketing niches. Consumers are most interested in a product that is consistent in taste and quality, and in working with a producer who is reliable and offers good service.

PRODUCER CLAIMS AND REGULATIONS

However, producers need to be very careful about the language used to describe how the animal has been fed. Any production/breed claims such as "grass fed, no hormones added, 100%

(continued on back)

Angus Beef, etc.” may not appear on the product label unless approval is by the USDA Label Policy Branch in Washington, DC, or the NCDA & CS, Meat and Poultry Inspection Division. Note that label approval is granted to the processor, not to the producer.

Appropriate phrases to use when marketing the product may describe the feeding program such as “we do not use added hormones,” or “our cattle eat grass entirely.” However, once the producer moves from a verbal description to making a formal claim on a printed label, the producer must conform to the state and federal governments’ regulations. Producers should remember that the term “organic” is a legal designation, and use of that term without appropriate certification is illegal.

One additional note: fully grass-fed beef typically require anywhere from four to six months additional grazing before they reach slaughter weight, as compared with beef that are fed a combination of grain and grass. Producers should charge a premium for a 100% grass fed animal, since they have an extended production time.

EDUCATING CUSTOMERS

Consumers who are new to the concept of purchasing often do not

know the questions they should ask the producer. Another area where a producer can assist customers is in how to cook beef that is low in fat to maximize the tenderness and flavor. This offers producers another valuable opportunity to build rapport and strengthen customer loyalty. Producers should plan on taking time to talk with customers about the optimal ways to defrost and prepare beef, as well as discuss the merits of different cuts of beef.

PROCESSING REGULATIONS

Any producer who transports beef is required to obtain a Meat Handlers’ License from NCDA&CS (see resources box). Meat sold by the cut must be weighed, packaged and labeled at the processing facility. Check with your processor to make sure the facility is equipped to provide this requirement. Meats processed at state-inspected facilities must be sold with North Carolina only. Meats processed at USDA (federal)-inspected facilities may be sold across state boundaries.

INSURANCE COVERAGE

As of this writing, insurance coverage for direct-to-consumer beef sales falls under the category of the “excess and surplus” insurance market. Since this type of activity is rated by a national

underwriters’ guide as one of highest risk (10 on a scale of 10), and because this type of insurance is not required by the state, producers may have a difficult time locating a broker to write a policy. Brokerage firms who do offer this insurance, even though the firm has an office NC, are writing coverage with an insurer that does not fall under the jurisdiction of the NC Department of Insurance. What this means to a policy holder is that the insurer is only limited to paying a claim by the terms of the contract. The policy holder has no recourse for help with NCDOI if he or she feels the payment was insufficient. Additionally, if the insurance company encounters financial difficulties, the company is not covered by the state’s guarantee association. Without available liability coverage, the producer’s next best defense is to inspect and track carefully the beef that has been delivered to the processor. Cryovac packaging, which is a clear, vacuum-sealed form of packaging, permits visual inspection of the meat. A second checkpoint is the yield – cattle typically yield between 55 to 60 percent of their total weight as dressed weight. If the delivered weight is significantly below this percentage, ask your processor to explain the difference.

RESOURCES

NCSU’s value-added locally-produced beef resources web site: http://www.cals.ncsu.edu/value-added/beef_resources.html

Information on NC meat handling requirements can be found at: <http://www.ncagr.com/MeatPoultry/meathandlers.htm>

Information on federal labeling requirements is available at: <http://www.ams.usda.gov/LSG/certprog/beefpol.htm>

NC Department of Insurance: <http://www.ncdoi.com>

You may contact the Department of Insurance Consumer Services Division for assistance in locating a broker who may offer a liability policy

Information on various cattle breeds can be found at: <http://www.ansi.okstate.edu/breeds/cattle/>