Beef Quality and Marketing
Part 2

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Marianas Livestock and Grazing Academy
Outline

• Hawaii Livestock Summary
• Challenges
• Food self-sufficiency, why?
• Food and the Marketplace
• Supply and Demand
• What can be done
Livestock Industries in Hawaii

Dairy ($14.5 M)

$53.4 Million *
Farm-Gate Value

Pork ($4.2 M)

Generating
$160 Million
in Hawaii’s Economy

Poultry ($8.2 M)

Beef ($26.5 M)

* Hawaii Agricultural Statistics Service, 2006
## Survey of Confined Operations 1999 to 2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Broiler</th>
<th>Dairy</th>
<th>Layer</th>
<th>Swine</th>
<th>Processors</th>
<th>Beef Cows</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>5</td>
<td>10</td>
<td>11</td>
<td>30</td>
<td>11</td>
<td>82,000 ('04)</td>
</tr>
<tr>
<td>2008</td>
<td>0</td>
<td>2</td>
<td>5</td>
<td>21 ('04)</td>
<td>9</td>
<td>82,700 ('08)</td>
</tr>
</tbody>
</table>

- **Broiler**: 5 (1999) → 0 (2008) 100%
- **Dairy**: 10 (1999) → 2 (2008) 80%
- **Processors**: 11 (1999) → 9 (2008) 18%
- **Beef Cows**: 82,000 ('04) → 82,700 ('08)
Our challenges are many …

- **State Constitution** (call for food self-sufficiency)
- **Land** (HRS 205) and Water
- **Oil** (transportation, feed, utilities, etc.)
- **Weather** (tied to the landscape/environment)
- **Labor**
- **Regulations**
- **Urbanization**
- **Mature industry** (knowledge base)
- **Lack of understanding of agriculture in the state**
- **Highest per capita tax burden**
Challenges in Rota?

1. Land availability
2. Lack of Water
3. Slaughterhouse and Processing
4. Cattle Genetics
5. Local Laws and Codes
6. Lack of Information
7. Markets
Why it’s important

• Food Security (x days supply on hand)
• Food Safety, higher quality products
• 3-4x Economic Generator
• Job Creation
• Losing farming/ranching expertise
• Lose it, gone forever
The Marketplace
Baby Boomers

• Born between 1946 and 1964.
• Age range 40 to 60 years old.
• In 2005, there were 78 million “boomers”
• In 2015, there will be 105 million
• In 2015, all will be over 50 years old.
• People over 50, control over 67% of America’s wealth …. $28 trillion!
Baby Boomers

• Into …
  – Anti-aging products, vision, memory
  – Foods as medicinals, anti-cancer, lowering cholesterol, herbs, skin care and health

• Illnesses
  – Diabetes, Obesity, Diabesity, Allergies

• Functional foods
  – Anti-oxidants, Omega-3, CLA, Tannins, etc.
How they shop …

• Look for healthy products
  – Low carb, Low fat
  – Yogurt, nuts, pretzels, cheese, enriched water
  – Vegetarian products

• Organic foods
  – Wealth and Lifestyle
  – Environmental Issues
  – Purist, no chemicals
  – Food Quality and Taste
How they shop …

• Eco-labels
  – Certified humane
  – Grassfed
  – Private labels

• Other Labels
  – Buy Local
  – Family Farmed
  – Locally Grown
  – Truthfulness
Service the Baby Boomers

• Foods
  – Restaurants, farmers markets
  – Research Production and Manufacturing
  – Sales in Organics, Niche Products

• Health and Anti-aging
  – Medical services
  – Home care, Insurance

• Many, many other careers
The ruminant advantage.
Solar Dollar Concept:

SUN → PLANT → ANIMAL → SOLAR DOLLAR
Emerging Research about Beef with Benefits

- Food Safety Benefits
- Human Health Benefits
- Environmental Benefits
Emerging Benefits of Forage-based Meats

Food Safety   Human Health   Environmental

Low risk of BSE
Low risk of E. coli (Cornell study)
No added hormones
No antibiotics in feed
Less crowding in pastures
Emerging Benefits of Forage-based Meats

- Food Safety
- Human Health
- Environmental

Lower in total fat
Higher in Omega-3 fatty acid
Higher in Conjugated Linoleic Acid (CLA)
Higher in Vitamin E
Human Health

• Lower in:
  – total fat = less calories
  – Total fat: 3.5% grass vs 5.5% grain
  – cholesterol

• Higher in:
  – beneficial Omega-3 fatty acids (heart-friendly, brain function)
  – Conjugated Linoleic Acid (CLA) (anti-cancer)
  – Vitamin E (anti-oxidant)

• Jo Robinson
  – www.eatwild.com

• Kate Clancy
  – Greener Pastures
  – www.ucsusa.org
Benefits of Forage-based Meats

Food Safety  Human Health  Environmental

No waste management concerns
flies, odors, dust
Vegetative cover reduce erosion, runoff
Preserve and enhance watersheds
Preserves open space
Supply and Demand
Let’s look at the demand side

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Beef Consumption

• Per Capita (U.S.)
  – 2.7 ounces/day
  – 61.6 pounds/year
## Supply and Demand

### Pounds of Beef Needed

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Beef Consumption and Retail Beef Equivalent

- Per Capita (U.S.)
  - 2.7 ounces/day
  - 61.6 pounds/year

- 450 pounds per head (1,150 # liveweight)
## Supply, Demand and Number of Cattle Required

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750# liveweight  
300 # retail yield
What can be done?

• Know your market
  – Local
    • Farmer’s Market, Roadside Stands
    • Restaurants
    • Grocery Store
  – Off-Island
  – Military
• Community need to set its goals and plans
• Continued education
Pros & Cons of Selling Directly to Consumers

Farmers' Markets

PROS
Highest margin—full retail
Can sell a little or a lot
No standard pack or grade
Good market intelligence

CONS
High selling cost per unit sold
Hard to move large volumes
You may not like selling face-to-face
Market schedule is grueling
Pros & Cons of Selling Directly to Consumers

Roadside Stands

PROS
High margin—full retail
Very high profit per unit after break-even
No standard pack or grade
No transport cost
Steady cash flow

CONS
Highest overhead expense
Have to keep it staffed
High regulatory risk exposure
Location is critical
Must keep a clean farm
Management is intense
Pros & Cons of Selling Directly to Restaurants

PROS
Easy first sale
High margin
Purchase by the carton
May buy a little or a lot
Good market intelligence
Local Reliable customers
Do not require a standard pack

CONS
Small order size/frequent delivery
Picky—require top quality
Slow pay
Require personal attention
High turnover of buyers
Must have a harvest schedule in advance
Require a specific delivery time, window, such as 9 to 11 a.m.
Pros & Cons of Selling to Independent & Small Grocery Stores

**PROS**
Large order size/frequent delivery
Fair margin
Buys by the box, pallet, or bin
Sometimes local
Potential for co-marketing
Will buy a range of products once you have introduced the first

**CONS**
Hard first sale
Slow pay
Few customers
Potential bureaucratic barriers
Insists on standard pack
Must have good post-harvest practices, keep produce clean and cold
Price sensitive
What can we do …

• Instill ‘agricultural ethic’ through education
  – Policy makers, Youth K-12, Chefs, Consumers

• Work together in partnerships
  – Rancher-Chef, Rancher organizations

• Value-added cooperatives/partnerships

• Create a “Agriculture Authority”

• “Buy Fresh – Buy Local” (x %)
Challenges of Selling Local ... ... from a livestock perspective.

- Pastoral Production: tied to the environment ... drought, vog.
- Planning and communication:
  - Beef 18 - 30 months
  - Pork 5 - 7 month
  - Eggs 4 -5 month first lay
  - Dairy 24 – 36 months first lactation
- All meat products must be processed at a federally inspected facility.
- Merry-Go-Round of buyers, chefs, menu.
- Marketing, Public Relations costly.
Advantages of selling local …

• Supports the local food production system
  – Infrastructure, rancher groups, allied industry, trickle down to the broader community.

• High Quality Products
  – Freshness, lower ‘food miles’, ‘carbon footprint’

• Strong demand for locally produced foods

• Uniqueness … we have a story to tell.
Our foundation goal ... education

- Educate RANCHERS - pastoral production of quality beef.
- Educate CHEFS about our quality products & offer a challenge to use the entire animal & featured items.
- Educate CONSUMERS, the community at large, about agriculture and our high-quality, locally-grown foods.
Mahalo!

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