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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/AAF%20Slaughter%20diagram%202014.pdf>

Reviewed by Henrietta E. Beaufait, DVM, Maine Meat and Poultry Inspection, Program Manager, Maine Department of Agriculture, Conservation and Forestry, Division of Quality Assurance and Regulations, and Dave Ordway, Feeder Calf Sale Secretary, Maine Beef Producers Association.

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