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MARKETING TOWARD THE FUTURE

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Abstract

United States goat producers face many challenges with regards to marketing. Although the demand for goat products is increasing, the market is fractured. There is a general lack of infrastructure and many producers do not sell their animals or products for fair or profitable prices. Production costs are too high, and there is a need to improve production efficiency. Imports pose a challenge to US goat producers, as domestic production cannot compete with the availability and lower cost of imports. Government regulations hinder market development because non-commercial slaughter is an important aspect of goat marketing, and regulations keep many dairy goat producers from developing a commercial enterprise. In order for the US goat industry to expand and meet the growing demand for products, producers need to combine efficient production practices with profitable marketing strategies.

Keywords: Marketing, Marketing Strategies, Goat Meat Marketing, Dairy Marketing

Introduction

Demand for goat products is increasing, but the fractured market lacks the infrastructure and market structure found for other livestock species. There are a variety of markets available for goat producers, including livestock auctions (sale barns), direct marketing of live animals, meat or milk products or sales to livestock buyers.

Surveys show more than 60% of meat goats are sold at public livestock auctions (sale barns), but many such auctions do not focus on small ruminants, so prices may not be competitive, and animals may be re-sold through several different auctions until they move closer to consumers. Many auctions do not offer USDA grading of Selection 1 (good muscling/condition), 2 (moderate muscling /condition) and 3 (least muscling/lowest condition) and many do not conduct sales by the pound as is offered for more traditional livestock. To move forward into the future, changes are needed to further develop a viable market structure.

Marketing Strategies

Because the majority of goat meat and milk product consumers are non-traditional (immigrant and/or ethnic populations), direct marketing to consumers is one option some goat producers choose for selling live animals. Advertising for this market (and others) can be on social media sites or general sales sites online. For meat animals, producers need to check local and state laws to see if harvesting on the seller's farm by the customer is allowed. If this type of on-farm processing is not allowed, it is permissible to haul an animal for a customer to an abattoir for processing. In both cases, it is essential to sell the live animal to the customer. Producers cannot sell or transport meat unless they follow a myriad of regulations.

Abattoirs processing goats, especially under State or Federal inspection, are not common and the variety of meat products ('cuts') is fewer for goats than for other livestock meat products. More facilities processing goats, especially those with State or Federal inspection to allow for direct

marketing meat and those buying animals for their own retail sales, would benefit future goat markets. Determining market demand for specific goat meat products (cuts of meat for example) and then educating abattoirs and butchers on processing and retail sales would also benefit the industry.

Direct sales to abattoirs with a retail store can be a profitable market, but again, those may be difficult to find. In many areas, there are livestock buyers who will go to farms and pick up animals, but generally only for a larger number of consistently sized animals. In order to meet the requirement for larger numbers for a livestock buyer, a sale barn or other markets, producers can work together cooperatively to supply this demand.

Government regulations also hinder market development for dairy products, with burdensome regulations for marketing food products, such as fluid milk and cheese, keeping many dairy goat producers from going commercial. However, increasing numbers of goat milk producers are developing milk products less governed by regulations like soaps and lotions. Milk for pet consumption is another option with less regulatory oversight if allowed in the State. Those marketing such products often do so through direct marketing.

Challenges

Many goat producers do not sell their animals or products for fair or profitable prices. In order to determine prices needed to sustain a business, it is vital that records are kept on inputs (costs to the producer, including labor costs, depreciation, opportunity costs, etc.) so proper outputs (selling prices) are obtained. Many times, production costs are too high or a lack of adequate inputs such as purchasing quality genetics, providing proper nutrition and using best management practices results in a lack of efficiency and lower outputs obtained. Alternative (i.e. dry lot vs pasture-based) or hybrid production systems might be more efficient and thus more profitable in some situations.

Currently, and likely into the future, imports do/will pose a particular challenge to US goat producers. Domestic production cannot compete with the availability and lower costs of imports, be it frozen goat meat from Australia/New Zealand or goat cheese from Europe. Unless a drastic decrease in import availability occurs such as a depletion of the wild goat population currently harvested in Australia for low-cost exports, drastic changes will be needed to increase US goat production efficiency to reduce costs for profitable marketing into the future. A realistic business and marketing plan is essential for any enterprise but is especially important before entering the goat industry.

For breeding stock production, not understanding proper selection, breed registration (if purebreds) and realistic marketing can hinder farm sustainability for meat and dairy goats. Producers should understand not all offspring will be sold for breeding. Also, prices fluctuate with the quality/performance of the animal for sale, demand, and competition for sales in the area. Developing a unique product or focusing on high performing animals (with records) can improve marketing and profitability.

Opportunities

There are a few production performance tests (i.e., buck tests) that provide genetic information for the selection and marketing of genetically superior meat animals, and these have gained popularity over the past few years. Collecting data and providing it for programs to obtain estimated breeding values (EBVs) or estimated progeny differences (EPDs) for important marketable traits like growth, maternal ability, or even parasite resistance is another valuable tool for selection and marketing as well, but few goat producers currently participate in these programs. An example of a program providing EBVs for goats includes the National Sheep Improvement Program, also known as NSIP. For dairy goat producers, participating in the American Dairy Goat Association Dairy Herd Improvement (DHI) Registry/DHI Association for milk records would also provide valuable genetic information for marketing animals.

Selling animals for the show ring may require showing (and winning) which can be expensive, and most animals will not be show quality, so alternative markets are needed. Good performance records and highly valued pedigrees are also used for marketing for show and registered breeding stock producers. Understanding the present market and trying to predict what will be desired in the future will help farm owners select, keep and breed animals meeting market demand.

Conclusion

Overall, considerations for marketing now and in the future include not only understanding the markets available, but developing the goat and goat product market structure, increasing the number of abattoirs for processing, and developing more efficient production and marketing systems to increase profitability. Additionally, the Appendix shows a sale barn for goats, meat for sale, and show goats.

Appendix



Figure 1. Sale Barn Pens; Photo by Susan Schoenian



Figure 2. Goat Meat for Sale; Photo by Susan Schoenian



Figure 3. Dairy Goat Showmen; Photo by Susan Schoenian.



Figure 4. A Couple of Buck Kids; Photo by Susan Schoenian