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Developing Producer & Small Processor Owned Meat Marketing Enterprises

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MEAT PROCESSOR
SURVEY RESULTS

**Developing Producer & Small Processor Owned
Meat Marketing Enterprises**

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PREPARED FOR:
THE NORTH CENTRAL INITIATIVE FOR SMALL FARM PROFITABILITY
A U.S.D.A. funded project

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Executive Summary and Conclusions

The Food Processing Center at the University of Nebraska-Lincoln, conducted a survey of meat processors in Iowa, Nebraska, Missouri, and Wisconsin in the second half of 2003. The survey was conducted as part of the North Central Initiative for Small Farm Profitability—a USDA funded initiative. The Meat Processors Association in each state provided assistance in sending surveys to over 500 meat processors. Eighty-four meat processors completed the survey for a response rate of 16%.

The survey found that small and very small meat processors in Iowa, Missouri, Nebraska and Wisconsin are actively involved in providing inspected slaughter and processing services for producers. In fact, of the 67 USDA/State inspected survey respondents, 48 (72 percent) indicated that a portion of their business activity was derived from inspected processing for producers. On average, inspected processing for producers accounts for 37 percent of their business. The USDA/State inspected respondents also expressed significant interest in increasing the percentage of their business derived from processing for producers, with 42 percent stating that they were *very to extremely interested* in increasing the percent of business derived from this activity. The fact that 45 of the 67 USDA/State inspected plants requested inclusion in a Directory of Meat Processors that provide USDA/State inspected services supports the conclusion that small and very small meat processors are truly interested in working with producers.¹

What would it take to encourage non-USDA inspected processors in the 4 states to become USDA inspected? When asked, “What would motivate you to become USDA inspected?”, 42 percent of the respondents indicated that they had no interest in USDA inspection and that nothing would motivate them to become USDA inspected. Thirty-two percent indicated “interstate shipment” could be a motivating factor for becoming USDA. Only 2 respondents indicated that they either were in the process or were interested in becoming USDA inspected.

USDA/State inspected respondents expressed significant interest in obtaining organic certification. Approximately one-fourth indicated an interest in organic certification while approximately one-half expressed no interest. Twenty-one plants in the 4-state area indicated that they were interested in obtaining organic certification. With only 3 respondents in the 4 states stating that they already have organic certification, this would be a tremendous increase in organic meat processing capacities for the region.

The majority of meat processors provide beef and pork services for producers. None of the USDA/State inspected processors were interested in the *slaughter* of poultry even though 19 percent expressed an interest in the *further processing* of poultry. An informal interview conducted by the Food Processing Center with meat processors found the following three reasons processors were reluctant to slaughter poultry; 1) they did not have the equipment for efficient poultry slaughter; 2) chickens/poultry make a tremendous mess and it is next to impossible to get all the feathers, etc. in clean-up; and 3) concerns for bacteria such as

¹ The Food Processing Center has compiled the directory which includes each plant’s contact information and their self-described processing capabilities/services and their meat processing business. The Directory is available on line at www.foodmap.unl.edu

salmonella that chickens might bring into the plant. These same plants were open to doing *further processing* of poultry carcasses/meat that were slaughtered elsewhere under USDA inspection. One USDA plant made the comment, “build me a separate dedicated chicken plant that is properly equipped, then I might do chickens.”

The survey results strongly support the conclusion that small and very small meat processors are interested in collaborating with other processors and meat market participants. Meat processors have limited experience in developing collaborative markets for by-products and waste products. While more than 40% are *very to extremely interested* in developing collective markets for by-product, offals, rendering, and marketing programs/activities. Many small and very small meat processors are also interested in working cooperatively with others to develop local/regional meat marketing enterprises. The survey asked meat processors their “level of interest in participating in a collaborative effort that brings together market participants such as producers, processors, retailers, and restaurateurs to discuss potential opportunities and barriers for locally produced meat products.” Forty-six percent of USDA/State inspected plants are *very to extremely interested* in such collaborative efforts. In fact, less than one-fourth of the USDA/State inspected plants stated they had no interest (12 percent) in such a collaborative effort or did not answer the question (10 percent).

Introduction

The North Central Initiative for Small Farm Profitability—a USDA funded initiative—conducted a survey of meat processors in Iowa, Nebraska, Missouri, and Wisconsin in the second half of 2003. The Food Processing, University of Nebraska-Lincoln developed the survey, which was conducted by each state’s Meat Processors Association. The Meat Processors Associations mailed the survey to member and non-member meat processors along with a cover letter encouraging their participation. The completed surveys were then forwarded to the Food Processing Center for analysis and writing of this report.

The survey was designed to address and identify the following:

- Local meat processors *experience* and *interest* in working with producer groups
- The capabilities and services local meat processors provide producer groups
- Opportunities and obstacles meat processors face in marketing their own products
- Opportunities and obstacles for meat processors to participate in collaborative efforts with other processors
- Develop a directory of meat processors providing inspected services to producers
- Support the development of joint producer/processor meat marketing enterprises

The majority of respondents were small and very small meat processors, even though a number of large processors were included in the mailings. The survey findings are descriptive of small and very small meat processors, but not descriptive or representative of the overall meat processing industry.

Eighty-four of the 516 meat processors responded with a completed survey for a return rate of 16 percent. The following table gives a breakdown of meat processors surveyed by each participating state.

# of Surveys Sent		# of Surveys Returned and Reported Inspection Status					
State	Number	USDA Inspected	State Inspected	Custom Exempt	Other	Number Returned	Percent Returned
WI	120	1	20	0	0	21	18%
IA	190	4	19	6	1	30	16%
MO	110	9	6	8	0	23	21%
NE*	96	7	1**	2	0	10	10%
Total	516	21	46	16	1	84	16%

*Note that Nebraska does not have State Inspection for meat

** State Licensed on farm poultry processing

Survey Results

The results of the survey along with some commentary follow. Results are reported numerically in the sequence listed on the survey instrument.

Question #1 and #1a below are simple demographic questions listing respondents' length of business operation along with the number of workers employed. The amount of dispersion among meat processors in the number of years in business and the number of employees is very large. Approximately 50 percent of the responding plants have been in business for less than 20 years.

Question #1: Respondents by Years in Business

Years in Business	Number of Plants	Percent of Plants	Years in Business	Number of Plants	Percent of Plants
Less than 5	11	13%	Less than 30	63	75%
Less than 10	20	24%	Less than 40	69	82%
Less than 15	38	45%	Less than 50	75	89%
Less than 20	44	52%	Less than 64	84	100%
Less than 25	56	67%			

Most of the meat processors responding to the survey were quite small with less than 10 employees.

Question #1a: Respondents by Number of Employees

Number of Employees	Number of Plants	Percent of Plants
Less than 10	57	70%
10-19	19	23%
20-29	2	2%
30 or Greater	4	5%
Total Responses	82	100%
Average Number of Employees	8.9	
Standard Deviation	0.9	

In Question #2, respondents were asked to categorize the type of processing facility they operate. Twenty-five percent of the respondents are under USDA inspection, while 55 percent are under state inspection (note that Nebraska does not have state inspection).

Question #2: Respondents by Location & Type of Inspection

State	Number of Surveys Sent	Number of Surveys Returned					
		USDA Inspected	State Inspected	Custom Exempt	Other	Total Number Returned	Percent Returned
WI	120	1	20	0	0	21	18%
IA	190	4	19	6	1	30	16%
MO	110	9	6	8	0	23	21%
NE	96	7	1	2	0	10	10%
Total	516	21	46	16	1	84	16%

Question #2: Respondents by Type of Inspection

Plant Inspection	Number of Plants	Percent of Respondents
USDA Meat & Poultry	13	15%
State Meat & Poultry	13	15%
Custom Exempt	16	19%
USDA Meat	7	8%
State Meat	32	38%
USDA Poultry	1	1%
State Poultry	1	1%
Other	1	1%
Total All Plants	84	100%
Total USDA Plants	21	25%
Total Non-USDA	63	75%
Total State Inspected	46	55%
Total Custom Exempt	16	19%
Total Other	1	1%

Question #3 asked respondents that are *not* currently USDA inspected what it would cost to become USDA inspected. Forty-two *non-USDA* respondents gave an estimated cost to become USDA Inspected. Cost estimates ranged from a low of \$6,000 to a high of \$400,000, excluding one response of \$25 million. The median cost (50 percent of respondents were higher and 50 percent were lower) for all respondents was \$25,000. The same plants were then asked what would motivate them to become USDA inspected (Question #3a). The largest number of reporting plants (15) stated that nothing would motivate them or they had no interest in becoming USDA inspected. Twelve of the 37 plants indicated that interstate shipments could be a motivating factor. Survey results would suggest that if this is federal approval for interstate

shipment under state inspection, then only a limited number of plants would have any motivation to becoming USDA inspected. The exception to this conclusion could be Nebraska and other states that do not have state inspection.

Question #3: Estimated Cost to become USDA Inspected

	Iowa	Missouri	Nebraska**	Wisconsin*	All States*
Number of Respondents	8	4	1	9	42
Cost Range (thousands)	\$18-\$400	\$6-\$10	>\$100	\$10-\$200	\$6-\$400
Median Cost (thousands)	\$57.5	\$9	>\$100	\$10	\$25

*Does not include one response of 25 million

** Nebraska does not have state inspection

Question #3a: Motivation for becoming USDA Inspected

Responses Included*	Number of Responses	Responses Included	Number of Responses
Nothing/No Interest	15	Increase business	2
Interstate shipment	12	If it would be cost effective/profitable	2
Money/Financial assistance	4	If it were easier to get labeling information	1
Ability to wholesale	4	Total Respondents	37

*Some Respondents gave multiple responses

Question #4 queried respondents on their interest in receiving Hallal, Kosher, Organic or other certifications. Increasing interest in the organic market was evidenced by the fact that more than one-fourth of the 67 USDA or State inspected plants have an interest in obtaining organic certification. Looking at all respondents (including custom exempt and other), Wisconsin had the greatest level of interest with 9 plants being interested while Missouri had the least interest with only 2 responding plants expressing an interest in obtaining organic certification. This represents a significant opportunity for increasing the supply of organic meat production and processing. Informal interviews conducted by the Food Processing Center with small meat processors in Nebraska indicated that requests for Hallal slaughter and processing with the individual purchasing the meat being present and conducting the slaughter and processing in accordance with Hallal practices has shown a significant increase.

Question #4: Interest in Certifications (USDA/State Inspected Plants)

All States USDA/State Inspected Plants	Type of Certification					
	Organic		Hallal		Kosher	
	Number	Percent	Number	Percent	Number	Percent
Presently Have	3	4%	4	6%	1	1%
Interested in Obtaining	18	27%	4	6%	4	6%
No Interest	31	46%	41	61%	45	67%
Total Respondents	52	78%	49	73%	50	75%

n = 67

Question #4: Interest in Certifications (all respondents including Custom Exempt)

Individual States	Type of Certification					
	Organic		Hallal		Kosher	
	Number	Percent	Number	Percent	Number	Percent
Wisconsin						
Presently Have	1	5%	1	5%	0	0%
Interested in Obtaining	9	45%	0	0%	2	11%
No Interest	10	50%	18	95%	17	89%
Total	20	100%	19	100%	19	100%
Missouri						
Presently Have	0	0%	0	0%	0	0%
Interested in Obtaining	2	11%	1	6%	1	5%
No Interest	16	89%	17	94%	18	95%
Total	18	100%	18	100%	19	100%
Nebraska						
Presently Have	1	11%	3	33%	1	14%
Interested in Obtaining	4	44%	2	22%	1	14%
No Interest	4	44%	4	44%	5	71%
Total	9	100%	9	100%	7	100%
Iowa						
Presently Have	1	6%	0	0%	0	0%
Interested in Obtaining	6	35%	2	14%	1	6%
No Interest	10	59%	12	86%	17	94%
Total	17	100%	14	100%	18	100%

Question #5 asked respondents the percentage of their meat processing that is currently derived from doing *non-custom exempt* processing for producers and their level of interest in increasing this percentage. On average, 37 percent of a USDA/State inspected plant’s business is derived from doing non-custom exempt processing. The median percentage for this group is significantly lower at 27.5 percent. Forty-two percent of respondents are *very to extremely interested* in increasing the amount of non-custom exempt processing for producers.

Question #5: Percent of Business Derived from Non-Custom Exempt Processing for Producers & Level of Interest in Increasing that Percent (USDA/State Inspected Respondents)

	Respondents	% of Business	Respondents		Interest in Increasing...	
			#	%		
Total Responses	48				Extremely Interested	26%
Proportion of USDA/State Inspected Respondents	72%	75% or More	9	18.7%	Very Interested	16%
Average Percent of Business	37%	50% - 74%	9	18.7%	Average Interest	18%
Median Percent of Business	27.5%	25% - 49%	7	14.5%	Somewhat Interested	11%
Standard Deviation	31%	Less than 25%	24	50%	Not Interested	29%

Respondents were asked to identify the types of non-custom exempt services they provide to producers in Question #6. Not surprisingly, beef and pork slaughter and processing make up the bulk of the work currently being done. Bison is third followed by elk.

Question #6: Current USDA/State Inspected Services Provided to Producers

USDA/State Inspected Plants*	Beef		Pork		Poultry		Bison	
	Slaughter	Processing	Slaughter	Processing	Slaughter	Processing	Slaughter	Processing
Number of Plants	42	53	45	52	3	12	16	24
Percent of Plants**	63%	79%	67%	78%	4%	18%	24%	36%

USDA/State Inspected Plants*	Ostrich		Red Deer		Venison		Wild Game	
	Slaughter	Processing	Slaughter	Processing	Slaughter	Processing	Slaughter	Processing
Number of Plants	2	2	2	2	0	2	1	1
Percent of Plants	3%	3%	3%	3%	0%	3%	1%	1%

USDA/State Inspected Plants*	Deer		Elk		Emu		Goat		Lamb	
	S	P	S	P	S	P	S	P	S	P
Number of Plants	3	3	10	12	3	3	2	2	6	6
Percent of Plants	4%	4%	15%	18%	4%	4%	3%	3%	9%	9%

* n = 67 Plants under USDA/State Inspection

Questions #7 and #8 asked respondents what they like *most* and *least*, respectively, about doing processing for producers. Comments presented with limited amount of editing in the following two tables. The aspects liked most include large volumes, consistent volumes, and an additional revenue source that is ‘good money’. On the flip side, numerous processors voiced a dislike for the regulations (i.e. HACCP), paperwork, and dealing with inspectors. A secondary dislike is dealing with producers.

Question #7: Like *Most* about Processing for Producers

Added income
Added volume products
Beef Processing - We make more profit on Beef than on processing Pork with less work because of the curing and make the special items.
Being able to do the work the way people want it.
Being able to have more consistent volume and increasing my processor capabilities
Big orders at once
Consistent known quantities of work
Dealing with agricultural community. Providing good products for customers. Being an important part of this village.

Doing bigger volumes
Doing value added products
Ease of Inspector
Having our products available for the public.
I like working with the customer's personally because it gives me better ideas to pass on to new customers.
It adds some work when the custom numbers are low.
It is an increase in volume.
It is just another avenue to make money.
It's all wholesome after inspection don't have worries about them selling.
Large profits from large quantities
Larger orders (usually) one customer.
Less gov't hassle
Low investment in product
Low meat cost. Good turn around on money. Way to get more customers in retail store. Sells sausage.
Market potential for niche products.
Meeting and talking with producer, share ideas. They sometimes don't know what we can do further.
Meeting the people
Minimizes working capital, inventory (no meat costs involved)
More days of plant operation
No paperwork
Nothing
One on one contact with my customers
Producing quality meat products
Putting out a quality product to satisfy customer
Scheduling of kill floor
Steady Business
The ability to sell outside your plant.
The money is good, some customers have large enough volume of product to be efficient. They buy all private label supplies.
The whitetail deer processing is a profitable business. Make the whitetail venison sausage in Jan. & Feb. Two slow months so this really helps cash flow
This is work that we are set up to do and goes very smoothly
USDA inspected services allows us to have a greater customer base mainly because it is getting local producers the opportunity to market farm raised livestock
Volume business with only 1 customer
We send an invoice to a large company and the pay bill in full. No waiting for people to come in to pick up meat and pay for meat.
What I like the most is being able to provide a service that is very specialized in a niche market.
Working for the end user
You deal in a larger volume for taking instructions and coordinating the service, versus custom individuals.

Question #8: Like Least about Non-Custom Exempt Contract and/or Custom Processing

95% of current business is for immediate use. Ready to serve. Do not intend to expand to slaughtering, processing
All the charges that USDA implements during the year.
All the labels & cost
Attitudes of several different inspectors.
Custom trying to satisfy every little restaurant with specialties cuts. They can't figure out how to market whole animal sell some at a loss
Customer
Dealing with inspectors
Doing little bits of product, doing small batches, waiting on some of these producer customers hand & food. Having to weigh & mark each package. Trying to explain to a hog farmer how to market and process their product.
Don't want to put all eggs in one basket
HACCP records & labeling
HACCP regulations change so often with mandates and directives that it is getting hard to find inspection personnel who can interpret rules on same level. Increase in paperwork and time involved in updating plans has taken toll on profit margins.
Have no dislikes
Having the time to talk to customers
Heavy work, sometimes working with livestock that is questionable.
It is very sporadic
It takes up a lot more of our time.
Lack of Livestock
Locked into set margins
Needs high level of conformity & consistency
No complaint
Not knowing what is expected under HAACP. Things keep changing. Inspectors don't know anymore than I do!
Overall... Regulations
Paper work, record keeping
Processing hog there is a lot of work involved in making hams - Bacon - Link - patties: We don't get people to pickup the pork until the cured meat is done which takes from time of slaughter to cured products 10 days
Producer understanding of minimum batch and or costs. i.e. costs of power, cleanup, and even time is similar to do 50 chickens as 200.
Pushing you for time
Putting up with people complaining.
Record keeping - (HACCP)
Regulations
Slow to get off the ground.
Sometimes the producer asks more than what is feasible and can be difficult to work with
They change their marketing strategies and instructions trying to fill demands. They don't know just what they want.
What I like least is Federal Regulations & skilled labor training for specialized niche marketing.

All the charges with procedures - Acid wash for example it never stops. One thing after another
Can't be sold
If there is a recall any where in the country they seem to think their product may have something wrong with it, ground beef, the closer to home the recall, the more complaints
Must deal with all the individual hunters
Notice costumers of farmer, do not get Quality at all times for price of beef or pork.
Producers who know nothing about marketing/ meat processing/ or selling their product profitability
Scheduling difficulties to meet their demands
Dealing with new regulations. Uneven & unpredictable work load. Dealing with people who don't have their act together. People who haven't kept up with the times or think you are making all kinds of money at their expense
They do not give enough lead time for production and processing.
The labels that you have change in between customers.

In Question #9, respondents were given a list of species and asked if they were interested in providing USDA/State Inspected services for producers, along with charges and weekly capacity levels. Beef and pork have the greatest amount of interest from processors followed by lamb, bison, goat, and elk.

Question #9: The Species Processors are Interested in Providing USDA/State Inspected Services, Charges and Capacities For

	Beef		Pork		Poultry **		Bison		Goat	
	S+	P++	S	P	S	P	S	P	S	P
# of USDA/ State Inspected Respondents	40	49	43	52	0	13	17	28	14	17
% of USDA/ State Inspected Respondents	60%	73%	64%	78%	0%	19%	25%	42%	21%	25%
Average Cost*	\$27.34	\$0.35	\$20.85	\$0.35	NA	\$0.60	\$59.50	\$0.38	\$27.80	\$0.41
Average Per Wk Capacity	45	45	34	32	NA	NA	NA	NA	NA	NA
	Lamb		Elk		Ostrich		Emu		Fish	
	S	P	S	P	S	P	S	P	p	
# of USDA/ State Inspected Respondents	26	30	15	22	4	5	5	5	2	
% of USDA/ State Inspected Respondents	39%	45%	22%	33%	6%	7%	7%	7%	3%	
Average Cost*	\$32.00	\$0.39	\$49.67	\$0.39	NA	NA	NA	NA	NA	

n = 67 USDA/State Inspected Plants

*S=Slaughter

P=Processing

*Per head for slaughter and per pound for processing and includes custom exempt plants

** Two on farm (non-USDA/State Inspected) plants indicated an interest in both Slaughter and Processing

In Question #10, participants were given a list of activities and asked about their level of experience and level of interest with each. More than half of all respondents are *very to extremely experienced* in working with producers and slaughter/processing for producers. Forty-six percent of respondents are *very to extremely experienced* in further processing and value-added processing for producers. Few processors have experience in providing producers a market for by-products such as offals *or* an interest in doing so.

More than Fifty percent are *very to extremely interested* in “Working with producers,” “Slaughter and/or processing for producers,” and “Further processing and value-added processing for producers. Forty percent are *very to extremely interested* in developing new products for producers and developing cooperative relationships with producers. More than twenty-five percent are *very to extremely* interested in assisting producers with marketing and distribution. The survey results strongly support the conclusion that smaller meat processors are interested in working with producers in a cooperative environment. Refer to the following table for more information.

Question #10: Level of Experience with and Interest in USDA/State Inspected Activities (USDA/State Inspected Plants n = 67)

Percent of Plants Responding	Level of Experience					Activity	Level of Interest					Percent of Plants Responding
	Extremely Experienced	Very Experienced	Average Experience	Somewhat Experienced	No Experience		Extremely Interested	Very Interested	Average Interest	Somewhat Interested	No Interest	
90%	19%	37%	21%	1%	10%	Working with producers	24%	33%	16%	3%	10%	87%
91%	24%	36%	19%	1%	10%	Slaughter and/or processing for producers	28%	28%	21%	0%	10%	88%
90%	16%	30%	27%	6%	10%	Further processing and value-added processing for producers	25%	27%	18%	6%	9%	85%
90%	9%	10%	15%	13%	42%	Making smoked/processed meats w/o nitrates or preservatives for producers	15%	12%	18%	7%	34%	87%
88%	7%	24%	30%	9%	18%	Developing new products for producers	19%	21%	22%	7%	15%	85%
88%	3%	21%	36%	4%	24%	Developing cooperative producer/processor relationships	18%	22%	25%	4%	15%	85%
88%	1%	19%	30%	10%	27%	Providing producers marketing assistance	10%	21%	25%	7%	21%	85%
88%	1%	13%	24%	15%	34%	Providing producers distribution assistances	9%	18%	24%	9%	25%	85%
88%	1%	4%	22%	9%	51%	Providing producers a market for by-products such as offals	7%	6%	18%	10%	43%	85%

In Question #11, participants were given a list of activities related to their meat products and queried about their level of experience and level of interest with each. Sixty-six percent of USDA/State Inspected plants are *very to extremely experienced* in retailing their products directly to consumers. These plants had the least experience in wholesaling products to foodservice, and developing new products for consumer direct markets, retail markets, or foodservice markets.

Seventy-six percent of USDA/State inspected plants are *very to extremely interested* in retailing their products directly to consumers. Fifty-two percent are *very to extremely interested* in wholesaling their products to the retail market; 42 percent are *very to extremely interested* in wholesaling their products to the foodservice market. More information is available in next table.

Question #11: Level of Experience and Level of Interest in Activities Related to your Meat Products (USDA/State Inspected Plants, n = 67)

Level of Experience						Activity	Level of Interest					Percent of Plants Responding
Percent of Plants Responding	Extremely Experienced	Very Experienced	Average Experience	Somewhat Experienced	No Experience		Extremely Interested	Very Interested	Average Interest	Somewhat Interested	No Interest	
93%	30%	36%	22%	1%	3%	Retailing your products directly to consumers	49%	27%	10%	3%	1%	91%
93%	13%	18%	46%	10%	4%	Wholesaling your products to the retail market	25%	27%	19%	13%	6%	91%
93%	13%	9%	37%	13%	19%	Wholesaling your products to the foodservice market	18%	24%	19%	16%	13%	91%
91%	9%	12%	36%	16%	18%	Developing new products for consumer direct markets	16%	24%	33%	7%	9%	90%
91%	9%	15%	36%	13%	18%	Developing new products for retail markets	21%	27%	24%	7%	10%	90%
91%	4%	10%	27%	21%	28%	Developing new products for foodservice markets	13%	16%	28%	12%	19%	90%

Questions #12 asked respondents to reveal what they see as the greatest market opportunities for small meat processors. Comments are presented verbatim in the following table.

Question #12: Greatest Market Opportunities for Small Meat Processors in your Opinion

"Locally Processed"
Adding value to products
All producers or products have to start small, small processors can easily adapt to small producers & marketing ventures
Being able to produce new and quality products faster and with variety. Big plants can't achieve as quick turn around.
Being able to provide quality product.
Being able to ship over state boundaries
Control of quality, rapidly developing new products
Convenient stores that will agree to carry shelf stable products.
Custom exempt slaughter & processing
Custom processing because of the lack of Red Tape
Dealing directly with their local customers Retail or Processing
Developing coop producers/ processor relationships
Developing regional retail & food service markets
Direct marketing
Direct marketing of local product to local consumers
Finding their "niche" in the local communities they are surrounded with. Our ability to make specialty items for our customers. Service, service and more customer service.
Getting no drug meats. Getting high quality meats: Low in fat lean meat - most of the customers are concerned about Gr. Beef fat %
Health industry
I believe them to be limited to high degrees.
In further processed items.
In my opinion the greatest market opportunities for my small processing plant is wholesaling my products to the retail & foodservice market & possibly shipping.
Internet sales, to the household consumer
Local trade
Local vendors, Stores, Kwik stores, Restaurants
Mail order direct to consumer.
Marketing the uniqueness of your product and locally produced.
Niche
Niche items that Big Chain stores can't sell and don't make
Niche marketing of specialty items
Niche marketing we can't compete with IBP. Specializing in product & procedure. The personal touch with customers.
Niche Markets - being able to supply custom service
Niche Markets, Organic, Natural meats.
Niche Markets. The markets where the big meat companies do not want to be in.
Niche Markets. The markets where the big meat companies do not want to be in. Specialized products with higher quality, gourmet type items. Internet marketing. Private label customers, making products for mail order catalogs.
Niche services
Offering fresh high quality meat to the consumer.

One on one contact.
Our own stores
Possibly door to door distribution or some sort of mail order business
Quality Products
Quality products, Quality service.
Relationship marketing - i.e. face to face on going dire marketing
Retail area's - To push quality of products and also custom processing for farmers
Retail meats. Urban consumers wanting country/farm raised product. Hispanic markets
Retail Products
Selling all natural meat as retail
Selling your product to local restaurants, they know what they're getting.
Smoked and Cooked RTE Products
Specialty HRI
Specialty Products
The contact we have with each person we deal with opens the market up for us to sell to them directly.
The greatest market opportunities currently are individual but exotic animals and farmer's markets are opportunities opening up to us.
The greatest market opportunity is that you are in control of your own destiny, ideas, and implementation.
Value add further processed products
We can offer Personal Customer Service
Wild game.

Questions #12a (see table below) asked respondents to reveal what they see as the greatest obstacles small meat processors must overcome in marketing their products.

Question #12a Greatest Obstacles for Small Meat Processors in your Opinion

Attitude
Be on a level playing field with competitors (supermarkets, packers, out of state plants, custom exempt plants) when it comes to meet inspection
Being able to be competitive in price
Being able to compete on price
Budget. Resources. Constant supply and consistent supply of raw materials. Distribution & delivery channels. Consumer awareness. Packaging & Labeling.
Competing with big meat processors. Selling over state lines.
Cost - Overhead cost
Current regulations do not acknowledge the producer accountability inherent in relationship marketing. When a producer seeks a direct market, he usually exceeds regulations but facility & process may be different
Distribution costs. Fighting contracts from big companies. Warehouse slot charges. USDA paperwork.
Finding inspectors with job knowledge, or at least 1 or 2% common sense of the small processors problems and ability to overcome these problems.
Getting people from cities and small towns to know how the quality of the local meat market instead of going to the grocery store where they are buying boxed meat instead of local beef and pork
Getting the word out to community
Getting your product out.
Government regulations and the time and cost to implement.
Government regulations are forcing many plants out of business

HACCP - paperwork, etc
Interstate shipment - over inspection & regulations
Interstate shipment for state plants. Promotional products maybe inferior.
Interstate shipment would be nice.
Interstate shipment. Lack of marketing experience
Interstate shipping for mail order, we are state inspected. Quality products sell themselves in the retail setting at our store.
Knowledge of marketing
Labor Cost. Insurance cost. Overhead.
Large convenient grocery stores
Large cut-rate competition. Employee base. Insurance. Offal disposal.
Larger Companies. Competition
Location - availability (regular hours)
Location of your plant.. Meeting ever changing federal regulations.
Marketing and the costs of marketing
Meeting regulation
Money available. Being willing to try.
Name recognition
Narrow mindedness
Obtaining profit margins in face of increased expense of USDA, waste disposal, insurance cost, while trying to stay in line with pricing of grocery stores
Overall cost hard to produce an excellent product cheaply in small plants. Can't sell across state lines.
Overhead. Keeping trained help.
Price comparisons as far as cost production compared to larger processors with more efficient processes.
Price competition with large meat processors of justifying additional expense
Price that it cost to get our product into a distributor. Being able to sell across state lines.
Pricing
Product Development/ Marketing
Quality of products. Advertising
Regulations and capital
Retails, especially chains want no part of small companies even less to do with producers. The gov't regs are geared towards large deep pockets and are counter productive.
Selling the whole animal
Selling to National Accounts
State regulations and labeling requirements
Supplying meal ready products for quick convenience with the equipment they have.
The advertising expense. Getting the shelf space from the real large producers
The greatest obstacle in this business would have to be the paperwork, & the testing involved in getting your product out of your plant & into another business to be sold.
The greatest obstacle is getting your name out without sales people for marketing.
The increased government regulations and paperwork are keeping us off our production floors to produce and market our products.
The money it takes to get into the stores/ restaurants or C-stores. All the Fee's. Federal Regulations
The time, energy, and ability to maintain a plant with high demands by USDA, rules, regulations, scientific knowledge, HACCP, employee retention, employee training, all this has to happen plus marketing and more, we need a 26 hour day.

Time - Money - Expertise
Understanding the producers desires and producers understanding our cost of producing a product and labeling.
We need interstate sales of our products - all the government B.S.
We should be able to ship across state line!

Question #13 presented respondents with a list of activities related to collaborating with other processors and asked them to rate their level of experience and level of interest in each activity. These activities primarily deal with developing collaborative markets for by-products and waste products. The majority of the respondents have *no experience* in the development of such collaborative markets though 40-45 percent (depending on the activity) stated they were *very to extremely interested* in developing collective markets for by-product, offals, rendering, and marketing programs/activities.

Question #13: Level of Experience & Level of Interest in Working with other Processors in Specified Activities

Level of Experience						Activity	Level of Interest					
Extremely Experienced	Very Experienced	Average	Somewhat Experienced	No Experience	Total		Extremely Interested	Very Interested	Average	Somewhat Interested	No Interest	Total
1%	3%	11%	13%	71%	70	Development of collective markets for by-products	17%	24%	29%	13%	18%	72
1%	0%	12%	14%	72%	69	Development of collective markets for offals	17%	23%	27%	13%	20%	70
1%	0%	10%	11%	77%	70	Development of a collective rendering service	16%	29%	20%	14%	21%	70
1%	0%	14%	22%	62%	69	Development of collective marketing programs/activities	12%	28%	29%	16%	16%	69

Questions #14 asked respondents to list what they view as the greatest market opportunities for small meat processors to work together. In Question #14a, respondents were asked to share their views on the greatest barriers and obstacles to working together. Comments are presented verbatim in the following tables.

Question #14: Greatest Opportunities for Small Meat Processors to Work Together

Ability to exchange ideas and plans.
Be able to market a standardized product
Being able to solve problems together
Belonging to an association
Better/lower supply and purchase cost through moving larger quantities.
Buying power
By being involved in WAMP, AAMP and getting to know each other and talking about our problems.
Collaboration Markets & Marketing
Get ideas for other processors
Great minds = great solutions

Group effort for the same cause.
In the rendering business
Inspection - Marketing - Regulations
Keep Price Competitive
Letting the public know what we do.
MAMP
Offal - By product - Hides - Networking
Offering a diverse product group. Every plant has several products they excel at.
Overflow business - sending to respected processors.
Possibility of profits
Possibly one doing the slaughter, another the processing and another the further processing.
Quantity is relative to profits. Working together may increase market share for small processors
Rendering
Rendering service & hides
Rules and Reg's. Better understanding of the rules and requirements and changes made within the state.
Sharing experience for niche marketing and services. Also keeping their quality to justify the higher prices needed to stay in business
Sharing information - Market & Product opportunities
Some plants doing just select processes
Standardize acceptable regulations
Standardize product specifications
Strength comes in numbers. If we want to be heard we need participating people.
That small processors are much better than big ones.
The power and knowledge of many is better than one.
To find new markets for your products
To private label.
To share ideas in a common forum
Together - we can do great things
Trade Associations
Trust
We all have a common goal and good product lines that consumers are recognizing and I think we could work together to bring each others products to individual retail stores.
We all need new ideas - as to what works in other areas of the country - may work also for you.
We are already doing this to some aspects on scalded hogs. We buy from and are curing hams & bacon for another plant.
When we work together more goals are achieved.
Working with producers that require multiple tasks
Your state associations and with your state inspector

Question #14a: Greatest Barriers & Obstacles for Meat Processors to Work Together

All very busy. Regulation roadblocks.
An entity providing leadership.
Competition
Competition
Competitive only 6 miles from another plant.

Complacency, not having (or taking time) time to interact.
Confidentiality and trust issues.
Conflicts of past, scheduling, communications
Creating uniform products.
Declining population in rural areas.
Distance - Customer loyalty - Small markets
Distance between operations and hard to get operators together. Most successful operators are self reliant
Distance between plants
Distance between plants
Distance between plants
Distance between plants usually hour away or more - Neighboring plants are afraid to work with close plants.
Distance between willing processors
Distribution from one facility to the other
Everybody wants to get ahead of the other guy
Finding the time to meet.
Getting the producer to produce the products to customers spec.
Having our voices heard!
Independence of each business
Independent
Independent business owners
Individualism and fear of assumed competition.
Lack of business
Leadership
Making sure everyone is on the same level
Most plant owners are afraid other plants will find out what they are doing.
Most producers seem to have a high opinion of themselves and how they do things. Everybody else is wrong!
Most small, processors are too busy with the day to day operation to work together.
Not trusting your competitors
The CWD situation showed the fickleness and spinelessness of some plant owners. Everyone is in it for themselves and won't stick up for the industry. The spineless cowards who quit processing deer because of a few uninformed malcontents hurt their own business and the industry as a whole. These people will always perceive change as a problem or bother and will not only not help our efforts, but will actively snub and snipe at them.
The time it takes to do this time of year
Time
Time - Distance
Transportation
Trust of knowledge of particular service offered.
TRUST! People think if they work together and are close to each other it would be a way to lose business and not to grow.
We are all basic competitors, trying to agree on something, everyone runs their business different
Who takes the credit.
With the inconsistency between the affects of regulations on direct marketing and conventional marketers as well as inconsistencies between inspectors, producer/processors are reluctant to share with others and/or draw attention to themselves.

Question #15 queried respondents on their level of interest in collaborating with market participants throughout the food chain—from producers to processors to restaurants and retailers—to discuss opportunities and barriers for locally produced meat products. Forty-six percent of USDA/State inspected plants are *very to extremely interested* in such collaborative efforts. In fact, less than one-fourth of the USDA/State inspected plants stated they had no interest (12%) in such a collaborative effort or did not answer the question (10%).

Question #15: Level of Interest in Participating in a Collaborative Effort Bringing Together Producers, Processors, Retailers, and Restaurants to Discuss Potential Opportunities & Barriers for Locally Produced Meat Products

Level of Interest	All Survey Respondents ⁺		All USDA/State Inspected Survey Respondents ⁺⁺	
	Number	Percent	Number	Percent
Extremely Interested	13	15%	12	18%
Very Interested	24	29%	19	28%
Average Interest	21	25%	15	22%
Somewhat Interested	8	10%	6	9%
No Interest	10	12%	8	12%
Total Responses	76	90%	60	90%
Total No Response	8	10%	7	10%
Total Meat Processors	84	100%	67	100%

⁺ n = 84

⁺⁺ n = 67

Question #15: Level of Interest Among Respondents by State

State	Level of Interest		Total
	Very to Extremely Interested	Somewhat to Average Interest	
Nebraska	6	3	9
Wisconsin	10	7	17
Iowa	10	9	19
Missouri	11	9	20
Total Number of Responses	37	28	65

Forty-Five of the 67 USDA or State inspected plants provided information for inclusion in the Directory of Meat Processors that provide USDA/State Inspected services. The Food Processing Center has compiled the directory which includes each plants contact information and their self described processing capabilities/services and their meat processing business.