

The Economics of Meat Goat Production in Minnesota

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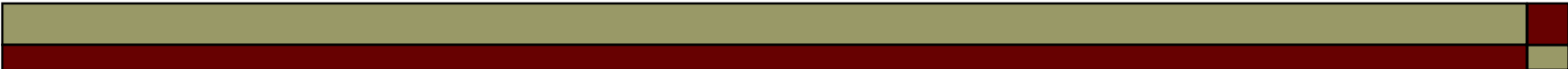
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MEAT GOAT “SYSTEM”

- Production**
- Transportation**
- Processing**
- Marketing**
- Consumption**
 - **Overseas Markets**
 - **New York**
 - **Minnesota**



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PRODUCTION BUDGET:

- *Feasibility of Meat Goats in Minnesota Enterprise Budget, AURI*
- *Meat Goat Production and Budgeting, Ohio State University Fact Sheet*
- *Meat Goat Profits, Alberta Government: Agriculture, Food and Rural Development*
- *Facilities and Equipment for Commercial Meat Goat Production, University of Maryland Cooperative Extension*

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How many meat goats do YOU need to raise/sell to net a profit?

□ **Some Considerations:**

■ **Type of Goats (discussed later today)**

■ **Fencing**

■ **Farm Buildings**

■ **Grazing and Feed**

■ **Multi-Species Grazing:**

□ *Cattle, Goats, Chickens*

□ *Worm Count Workshop – August 2006 – Extension and MFA*



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How you gonna get it there? And where is it going?

- ❑ **Direct to Market**
- ❑ **Local Processor/Slaughterhouse**
- ❑ **Regional Processor/Slaughterhouse**
- ❑ **South St. Paul Stockyard**
- ❑ **Iowa, Wisconsin, or Dakotas**

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MEAT PROCESSING:

- **MFA Survey of Licensed Processors**
 - **20 Say They Will Process and Slaughter Meat Goat**
 - **1 Has Regular Experience (Monticello)**
 - **South St. Paul**
- ***Slaughterhouse Feasibility Study: Pride of Vermont, April 2005***
- ***Organic Food Processing Basics, The Alternative Farming Systems Information Center***

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GOAT MEAT MARKETING:

- *Meat Goat Production and Marketing, June 1991 – Langston University*
- *No Kidding: Americans Acquiring Taste for Goat, November 2005*
- *Farmers Get a Kick From Their Goats, December 18, 2005 – St. Louis Post-Dispatch*
- *Goat Farmers See Growing Demand for Product, November 2005 – Southeast Business Journal*
- *California Small Farms Ideal for Goat Meat Production, August 29, 2005 – University of California*



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MARKET CONSUMPTION:

- Current Consumption Levels**
- Pounds Consumed**
- Goats Produced**

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MARKET GAPS:

- **Local Production vs Local Demand**
 - **New Zealand and Australia**
 - ***Niche Marketing: A Compilation of Studies on Ethnic Markets for Goat and Other Livestock, December 2004* by MFA**
 - ***Sustainable Goat Production: Meat Goats, February 2002* by ATTRA**
 - ***The Feasibility of Meat Goats in Minnesota, January 2001* by AURI**

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PROJECTED DEMAND:

- Demographic Trends - Minnesota Immigrant Populations by Ethnicity**
 - Hispanics 125,000**
 - Hmong 60,000**
 - Other Southeast Asians 20,000**
 - Somalis 6000 +/- 1500**
 - Other East Africans 2000**
 - West Africans 2500**

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- 140,000 new immigrants to Minnesota in last decade,
- Doubles existing number of new immigrants

- 40 % from Asia
- 25% from Latin America
- 17% from European countries (mostly Eastern Europe)
- 13 % from African nations
 - Somali Goat Meat Preference Survey – Fall 2004 – UW Extension

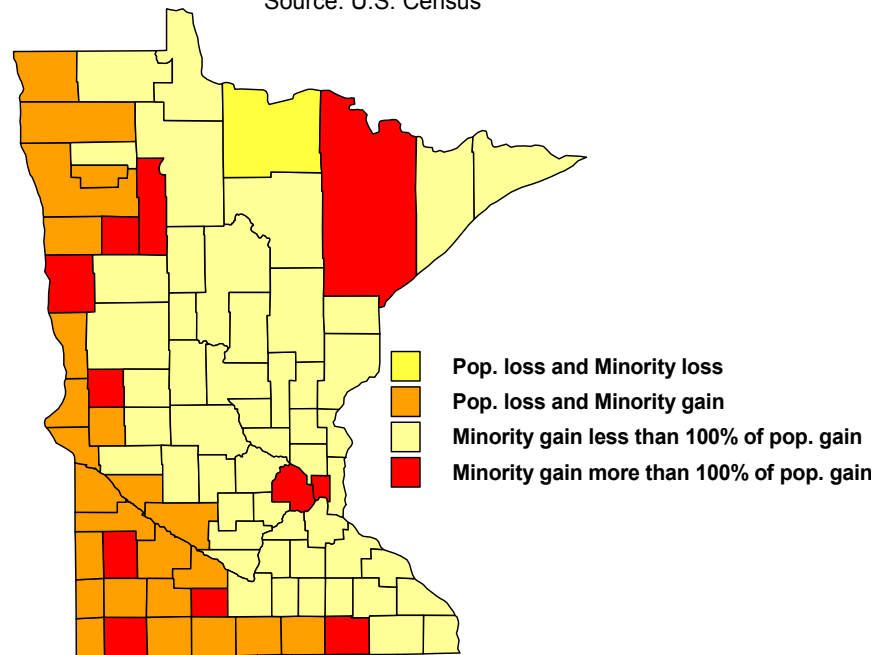
- Of the 4.9 million people living in Minnesota, **nearly 11 percent are people of color**, including a **fast-growing immigrant population**, particularly Hmong, Somali, and Latino people.

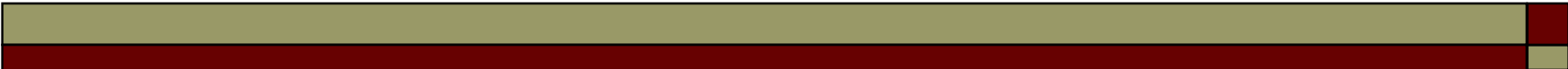
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Minority Population Growth – Southwestern Minnesota

Minority Population Growth Accounts for
56.7% of Minnesota Population Growth in 90s

Source: U.S. Census





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MEAT GOAT “SYSTEM” IN MINNESOTA

- ❑ Statewide System?**
- ❑ Regionalized Approach?**
- ❑ Organized Locally?**
- ❑ Individual Farmers?**

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Ways to Enhance Income/Profit

- Raise and sell breeding stock
 - *Value of buck roughly equal to 5 market kids*
- Graze for hire.
 - *No standard contract- must be negotiated.*
- Multispecies grazing- Add one or two goats per cow.
 - *Can increase income/acre by 25%*
- Market Directly to Consumers
 - *Retailing a whole carcass can pay well (\$4/lb in St Louis, MO.)*



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Keys for improving the odds of success include:


- 1) Start with good-quality, healthy breeding stock.
- 2) Reduce risk
 - ❑ Don't buy more than you can afford to lose,
 - ❑ Don't borrow money to learn the business.
- 3) Keep expenses to a minimum.
 - ❑ Using forages as much as possible,
 - ❑ Keeping equipment simple,
 - ❑ Setting up a preventive health care plan,
 - ❑ Investigating the possibility of grazing land you don't own.
- 4) Maximize income by maximizing the number of animals for sale.
 - ❑ Reproductive efficiency (kid crop born), 150% kid crop/yr.
 - ❑ Keeping the kids alive and well through good nutrition, health care, and predator control.
- 5) Pay attention to marketing!

Table 4. Relationship Between Cost of Production and Reproductive Performance.

Doe Cost (\$/hd/yr)	Kid Crop Weaned						
	70%	80%	90%	100%	125%	150%	200%
	Breakeven Price, \$/lb*						
10	0.32	0.28	0.25	0.22	0.18	0.15	0.11
15	0.48	0.42	0.37	0.33	0.27	0.22	0.17
20	0.63	0.56	0.49	0.44	0.36	0.30	0.22
25	0.79	0.69	0.62	0.56	0.44	0.37	0.28
30	0.95	0.83	0.74	0.67	0.53	0.44	0.30
35	1.11	0.97	0.86	0.78	0.62	0.52	0.39
40	1.27	1.11	0.99	0.89	0.71	0.59	0.44
45	1.43	1.25	1.11	1.00	0.80	0.67	0.50
50	1.59	1.39	1.23	1.11	0.89	0.74	0.56
60	1.90	1.67	1.48	1.33	1.07	0.89	0.67

*Assumed market weight: 45 lbs. Does bred to kid once a year.

Source: <<http://www.boergoats.com/clean/articleleads.php?art=111>>.




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Bagley Market Prices...Your Local Experience?

80 lb goats @ \$1.00-\$1.10 / lb.

60 lb goats @ \$1.05-\$1.10 / lb.

Recent sale of 58 lb avg @ \$1.07 / lb



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Tips for Successful Marketing

- ❑ Be sure to offer a quality product!
- ❑ Know what the customer prefers- younger, smaller, or bigger?
- ❑ Goats do not marble- extra fat is simply waste.
- ❑ Extra fat is expensive to put on the carcass and expensive to remove.

Table 1. Ethic Holidays and the Size of Kid Preferred for the Feast

Holiday	Date	Size of Kid
Easter (Western)	March 30, 2002 April 20, 2003 April 11, 2004	20 to 50 pounds
Easter (Eastern or Greek)	May 5, 2002 April 27, 2003 April 11, 2004	20 to 50 pounds
Independence Day	July 4	20 to 35 pounds (older kids also accepted)
Caribbean holidays	August	60-pounds bucks
Start of Ramadam (Muslim)	November 6, 2002 October 26, 2003	45 to 120 pounds, less than 12 months
Id al Fitr (Muslim)	December 5, 2002 November 26, 2003	45 to 120 pounds 60 pounds optimum
Id al Adha (Muslim)	February 23, 2002 February 12, 2003	yearlings, blemish-free