



MARKETING MEAT

direct to consumers

A WEBINAR SERIES FOR PRODUCERS INTERESTED IN MARKETING THEIR FARM-FRESH MEATS

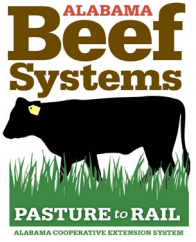
Part 3- ...Getting Paid for your Product

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Alabama Cooperative Extension System





Two Ways to sell local produced meat

Whole, Half, or Quarter Animal
Can use Custom-Exempt Plant

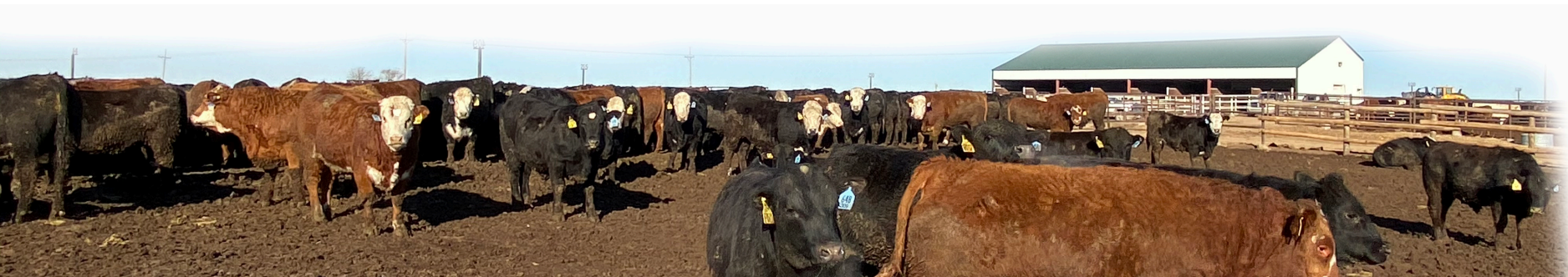
Simple

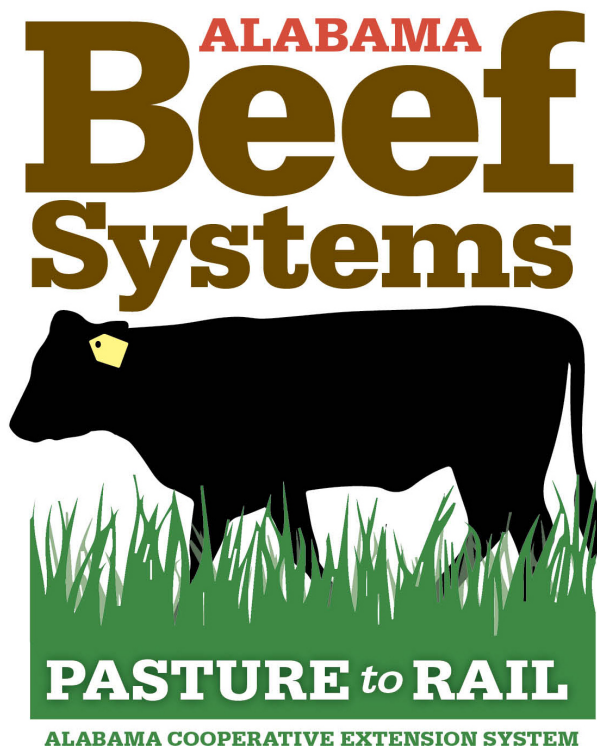
Very little regulation

Individual Cuts
Must use Inspected Plant

Much more complicated

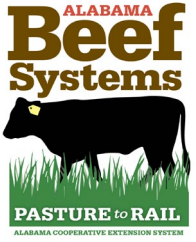
Highly regulated





How much do I charge
for my animal?





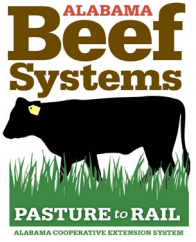
No set structure for pricing

Prices vary as many ways as there are producers

Can be based on several factors

- Actual Live Cattle futures and sales
- Local prices at the grocers
- Other Local Freezer Beef Prices
- Cost of production
- “Price Discovery”



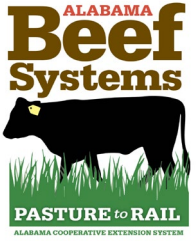


Live Cattle Futures and Actual Sales

Market Reports

- Reports of actual sales
- Ag. Market Service of USDA
ams.usda.gov
- Using 5 Area Average



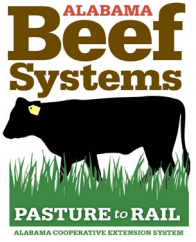


Live Cattle Futures and Actual Sales

Futures

- Price of Live Cattle Contracts
- CME Group
- <http://www.cmegroup.com/trading/agricultural/livestock/live-cattle.html>
- Should give you a good estimate for future sales





Live Cattle Futures and Actual Sales

These don't represent your product

- Location
- Commodity vs. Direct Sales
- “Vertical Integration”

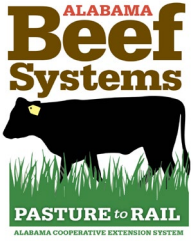


Cost of production

All pricing needs to include cost of production

- Make sure you are covering your costs
- Simple formula
 - Add total cost of production after weaning and value of the weaned calf

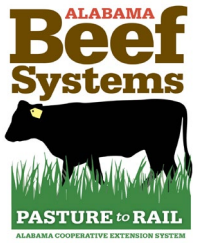




Cost of production

550 lbs. Steer	\$1.50/cwt	\$825.00
1000 lbs. Hay	\$60/ton	\$30.00
3000 lbs. Corn	\$3.50/bu.	\$187.50
1200 lbs. Feed	\$200/ton	\$120.00
60 lbs. of mineral	\$20/bag	\$24.00
TOTAL COST		\$1186.50

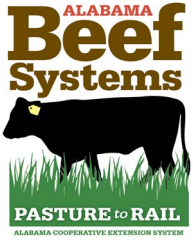




Cost of production

TOTAL COST	\$1186.50
Vet Costs	???
Equipment Costs	???
Labor	???
Profit	???

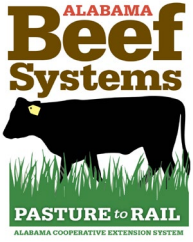




Cost of production

TOTAL COST	\$1186.50
Vet Costs	\$50
Equipment Costs	\$100
Labor	\$56.25
7.5 hrs/calf	
\$7.50/hr	
Profit	\$500
TOTAL GROSS BREAK EVEN	\$1892.75





Cost of production

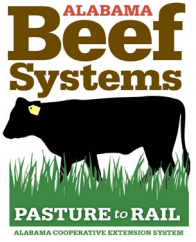
TOTAL GROSS BREAK EVEN	\$1892.75
Finished Weight of Steer	1250 lbs.
Break even \$/CWT	\$151.42/CWT

\$1.50-2.50/lb Live Weight seems typical

Can include processing costs, but doesn't have to

If selling whole/half/quarter animals, it likely stops there





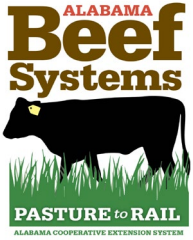
If you want to sell cuts....

Things are just beginning when the animal is harvested

- Cold Storage and Transport
 - Keep Product under 40 degrees
 - Protect integrity of packaging
 - Records
- Working with your retail outlet
 - Business License
- You are now a Retailer
 - Consumer Sales
 - Handling cash, checks, debit/credit cards
 - Record Keeping Critical
 - SALES TAX

How do you price individual cuts?



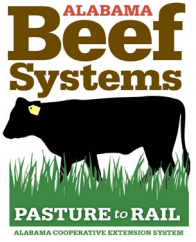


Carcass Value Math

Live Animal	1250#	\$2.00/#	\$2500
Carcass Weight	775#	\$3.23/#	\$2500
Processing Fees	Kill Fee	\$50/hd	\$50
	Processing	\$0.70/# Carcass	\$542.50
Total Cost			\$3092.50
Total Meat (60%)	465#	\$6.65/#	\$3092.50

How much are the steaks worth? Ground Beef? Roasts?





Meat Value Math-Rules of Thumb

Steaks are most valuable

- Filet>Ribeye>Strip>Sirloin~Flatiron, etc.

Briskets and other specialty cuts are next

- Around the same value as Sirloin

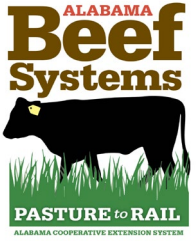
Roasts slightly more expensive than ground beef

- $\frac{1}{2}$ - $\frac{1}{3}$ price of Ribeye Steaks

Ground Beef is cheapest

- $\sim \frac{1}{4}$ price of Filets and Ribeyes



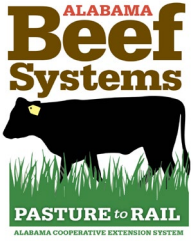


Conclusions

Pricing and Marketing isn't cheap

- Whole Animal Sales are fairly simple
- Selling cuts takes a lot of marketing and business savvy
- Make sure you are covering your cost of production and are profitable





Questions?

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