

MSU Product Center

For Agriculture and Natural Resources

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Beef Snacks – Few opportunities

Market drivers that provide few opportunities

- Beef snack products that appeal to the demand driver of **value** have few opportunities.

Specific opportunities

- In order to appeal to the demand driver of value a firm needs to be able to offer the product at the lowest price. In order to do that, the firm must be the low cost producer of the product. Generally speaking in order to be the low cost producer of the product a firm needs to take advantage of economies of scale. Large firms that handle large quantities of the product generally have a cost advantage. Small firms are generally at a disadvantage.
- The growth of private label brands also creates a barrier to entry to firms interested in competing on the basis of value.
- However, the profit margins are high. There may be opportunities to undercut the competition if a firm is able to take advantage of economies of scale.

New product examples

- Kroger, Original and Teriyaki beef jerky.

Special issues

- There has been major investment by private label brands in the beef snack market. This could reduce market access for traditional outlets. Convenience stores account for 46 percent of meat snack sales and are the largest outlets.
- However, this market is growing, non traditional outlets such as vending machines and hunting and fishing retailers show promise.
- One way to address distribution issues is through the use of a strategic alliance with an established food manufacturer or distributor. For example, Oberto Sausage Company has entered into an agreement with Frito-Lay to distribute Oberto meat snacks.
- There are some major food industry firms involved in the market. ConAgra owns the largest firm in the industry.

Key to success

- Consider the level of competition, and how competitors may react to you. Be sure that you are the low cost producer if you are going after the value market.

Sources

Mintel. Meat Snacks.