

MSU Product Center

For Agriculture and Natural Resources

Funding: USDA Rural Development Cooperative Service Market Advisor: The Hale Group

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Beef Snacks: Overview

Products included in the product line

- Beef snacks include beef jerky, beef sticks and beef and cheese sticks. Generally beef snacks are produced by marinating beef then smoking and drying the product.

General market trends and information

- Retail sales of the total meat snack market (including non beef products) were estimated to be \$2.7 billion in the U.S. in 2004, which represents an increase of 321 percent from 1994, and has doubled since 1999. This is despite the fact that only 39 percent of households buy meat snacks. There remains a great deal of upward potential in this industry.
- The size of the industry is forecasted to grow to \$4.2 billion in 2009 an increase of 59 percent from 2004.
- The interest in low carb diets has played a role in this increase in demand but there also appears to be an increase in interest in consuming beef products.
- Michigan is relatively well positioned to take advantage of this trend. It produces an excess of feed and has adequate pastures for additional cattle. Furthermore, the Midwest leads the nation in beef consumption. On January 1, 2004, Michigan has 1.03 million head of cattle of which 300,000 were dairy cows and 85,000 were beef cows. If the state is to attract the attention of a large scale beef processing plant the state will need to increase the number of cattle. Alternatively, it could look for ways to expand niche beef markets with smaller specialized beef processors.

New product trends

- The number of new product introductions has been steady from 2001 through 2004, with a high of 68 in 2004 and a low of 52 in 2003. Given the potential in this industry there is room for new product introductions.
- Traditionally meat snacks have been a food geared and marketed towards men. New product developments are expanding the market to include women, children, and diet conscious consumers.
- According to Mintel there were 68 new meat snack product introductions in 2004, an increase of 31 percent from 2003.

Manufacturing and distribution issues

- Convenience stores are the main outlet for beef snacks. However, they are also becoming more popular in other retail outlets such as supermarkets.
- Other outlet that shows promise are vending machines and non food outlets such as hunting and fishing goods retailers.
- Competing on the basis of price will be difficult. Established firms have well established supply chains and are able to minimize costs. However, there are alternative outlets that can be exploited.
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Overall assessment of opportunities

- In conclusion, the greatest potential for product development in the beef snack industry appear to be in the areas of indulgence of ethnicity, and convenience. There is also some potential of appealing to wellness. There are few opportunities to develop products and markets that appeal to value.

Sources

Mintel. Meat Snacks.