

MSU Product Center

For Agriculture and Natural Resources

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Fresh Beef – Many opportunities

Market drivers that provide many opportunities

- There are many opportunities for fresh beef products that appeal to the demand drivers of **ethnicity**, **indulgence** and **wellness**.

Specific opportunities

- Beef has many properties that promote wellness. Beef is an excellent source of protein, vitamin B12, iron and zinc. Also, many cuts of beef are low in fat. According to the USDA nutrient database, 19 cuts of beef are considered lean. The industry could expand the demand for beef by making these facts more well known. Red meat is not considered by consumers to be a healthy product.
- Blacks and Hispanics consume more beef than other groups. Cuts that appeal to Hispanics such as Tri-Tip could be used to expand the market for beef.
- Midwesterners and males consume far more beef than women and residents in other parts of the country. This presents opportunities for Michigan beef interests.
- There are also opportunities to develop products that are all natural, hormone free and organic that would reduce consumers' fears of BSE, excessive exposure to hormones and other health and animal welfare concerns. Sales of organic meat (including pork and poultry) have increased by 365 percent from 2001 through 2004.
- Currently only 1 percent of the beef sold in the U.S. was organic, grass fed, or natural, but demand for organic beef is growing about 20 percent per year. Prices of high value cuts such as ribeye or strip steaks sell for up to twice as much as conventionally produced beef cuts. However, the costs of producing natural, organic, etc. are higher than conventionally produced beef products.
- Alternative retail outlets such as dedicated butcher shops, internet sales and other forms of direct marketing are becoming more important to the meat industry. Sales from these outlets increased from 9 percent of total retail sales in 2002 to 16 percent in 2004. If the products of are high quality, this could be used as a way to appeal to indulgence.

New product examples

- There have been few or no new product introductions in the fresh beef industry. This also presents opportunities especially in developing and selling cuts to Hispanic consumers (e.g. more strip steaks, Tri-Tip roasts, etc.).

Special issues

- Additional cases of BSE could seriously reduce consumer confidence in beef seriously reducing demand.
- In order to take advantage of some of these opportunities, identity preservation will be necessary. This is particularly true for products that have health or indulgence attributes.
- In order to capture the benefits of some of these trends alternative distribution systems may need to be developed. Traditional commodity based beef processing and distribution is dominated by a few large firms.
- While there are alternative market channels to consider, supermarkets dominate the retail fresh beef sector.

Keys to success

- Consider whether or not it would be possible to combine products attributes to appeal to more than one demand driver. Consider alternative marketing arrangements such as cooperatives or contracting with retailers.

Sources

Mintel. Red Meat.

_____. The Global New Products Database.

USDA.

Wall Street Journal.