

## **MSU Product Center**

*For Agriculture and Natural Resources*

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

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### **Fresh Beef: Overview**

#### **Products included in the product line**

- Fresh beef includes ground beef, steaks, roasts and other cuts of beef that are sold in the meat counter or meat case of a supermarket or butcher shop. It does not include processed or shelf stable meat products.

#### **General market trends and information**

- Retail sales of beef were estimated to be \$32.33 billion in the U.S. in 2004, which represents an increase of 19.8 percent from 2002. This is despite the fact that beef prices have been high relative to previous years. There appears to be a fundamental increase in the demand for beef.
- 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. Retail consumption of beef was 64.9 pounds in 2003, 66.1 pounds in 2004, and is estimated to be 67.0 pounds in 2005 and 68.2 pounds in 2006. However, these figures are far below the levels of consumption in the 1970s. According to one survey 88 percent of households consume beef. Retail sales of beef were estimated to be \$32.3 billion in 2004 and are forecasted to be \$45.2 billion in 2009, an increase of 40 percent.
- 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.
- The most popular cuts of beef are ground beef (hamburger) steaks, and stew meat.

#### **New product trends**

- There are few, if any new product developments in the fresh beef market. This creates possibilities for entrepreneurs in the beef supply chain to develop new cuts of beef.

#### **Manufacturing and distribution issues**

- There are several different supply chains that could be exploited. While declining in importance, the traditional butcher shop remains a possibility for a farmer, cooperative or other beef supplier interested in providing high quality beef. Direct sales via the internet or through catalogs also present opportunities.
- Food service also presents a possibility. Steakhouses remain a popular venue for beef consumption. Approximately one third of the beef consumed is eaten away from home. Food service will continue to grow in importance.
- Competing on the basis of price will be difficult. There are large scale firms such as Tyson that have a strong supply chain and do a good job of controlling costs. Finding space in supermarket meat cases may also be difficult for specialty products but may not be impossible. Providing custom cuts or a high level of service may be used to obtain access to supermarket shoppers.

#### **Overall assessment of opportunities**

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

#### **Sources**

Mintel. Red Meat.

\_\_\_\_\_. Global New Products Database.

USDA.

Michigan Agricultural Statistics Service.