Where Are the U.S. and Canadian Meat Goat Industries, Where Do They Need to Be, and How Can They Get There?

By Frank Pinkerton, Brian Payne, Ken McMillin

Introduction.

As documented in Figures 1 and 2 below, U.S. goat industry survived the collapse of the mohair industry, 1992-2002 and expanded meat goat numbers through CY2007. Thereafter, for various reasons, U.S. national goat inventory numbers began a sustained decline of about 2%/annum through December 2013. As a result, slaughter numbers fell apace and imports of goat met rose to fill the void. Canadian goat production, though smaller than for the U.S. and more or less stable recently, is increasingly inadequate relative to growing demand. **If these trends continue, as seems likely, all producers will continue to lose market share to Australia and New Zealand.**

On the other hand, increasing shortages of domestic slaughter goats have engendered increased prices of such goats—a boon to producers who are also getting higher prices for replacement and breeding stock. Astute producers will recognize that market share *per se* does not, in point of fact, adversely impact domestic producers because producers are impacted *only by costs of production in relationship to gross income (ergo, net farm profit is* ***not*** *directly dependent on market share).*

Accordingly, the overriding industry question in both countries is: do owners really want to make a concerted effort to increase goat inventory numbers? We speculate that, if we don't so act, the industry will likely continue to decline and, eventually, basically self-destruct as rising consumer prices for retail goat meat inevitably reduce consumer demand and, concomitantly, reduce farm-gate goat prices, perhaps irretrievably so as the increased prices reach a threshold level where consumers choose less expensive meat sources. Reduced volumes of goats moving from producers would also result in reduced marketing infrastructure—fewer numbers of auctions, packers, and retailers (*as is happening in several American southern states even now).*

However, if we wish to avoid further reduction in the national goat inventory (and stabilize market share), there are a number of ways for doing so (increase number of goat farms, increase numbers of goats/farm, increase selling weight of market kids, increase doe reproductive efficiency), but the reality is that the road to population recovery is filled with numerous constraints**,** large and small.

It is the purpose of this paper to identify the ***major*** *constraints and to suggest possible ameliorative actions to reduce or remove them.*

Constraints to increasing production, and herd productivity, of slaughter meat goats.

A recently completed nationwide survey of goat producers under the leadership of Dr. Ken McMillin, LSU meat scientist, identified two overriding constraints to maintaining or expanding domestic meat goat productions. A recent, contemporary Canadian Government Report identified similar priority constraints. Both papers also contained useful information on numerous lesser constraints. The Canadian paper usefully *identified and categorized consumer product issues, industry information issues, and non-commercial issues impacting industry competitiveness and expansion.* Although there is similar information about the U.S. sheep and lamb sector, this Canadian paper has, sadly, no American counterpart for meat and dairy goat issues.

The paramount constraints reported in both countries were two. First, insufficient returns to labor, management, and capital of meat goat enterprises, no matter their scale, scope, and location. Starkly stated, goat enterprises, *as currently structured and practiced in both countries by the majority of producers, large* *and small, purebred and crossbred, do not yield comparable cost-benefit returns when compared to other commercial animal or crop enterprises***.**

The second most important constraint identified in both countries was the lack of an equitable, convenient goat marketing system. *Producers felt the present system was inefficient and too costly, as compared to that for beef, pork, and lamb. As a consequence, they felt that they did not routinely receive a fair share of the consumer dollar spent for goat meat.*

Possible actions to overcome these production constraints.

There are several types of meat goat enterprises. Each has its own array of required investment, inputs and costs, and outputs and incomes; net enterprise returns vary widely depending on specific management costs and incomes generated. Since the current supply of goat meat comes to consumers primarily from medium to small herds of crossbred goats, we will focus on this type of enterprise. *Assuming* decent nutritional levels, health status, and predator control of these herds are adequate and at near minimum cost, the action most often open to herd improvement is that of improving genetic merit.

To appreciably improve genetic quality of a herd, owners must first physically *measure* the output/doe/year, document *all* expenses associated with the herd, and track the income generated by the herd and, specifically, each doe's progeny. If one does not have these measurements, it is difficult, nearly impossible, to manage the herd effectively, particularly so the selection process as between keeper goats and those to be culled. Without such informed selection, genetic improvement is in fact largely unachievable. !!! Insert break-even excerpts

Another constraint to achieving positive cost-benefit status is cost of land for a herd of goats. This is primarily due to the indisputable fact that land prices, and usage, are increasingly divorced from the productivity of land. This macro economic issue is simply not amenable to individual or cooperative producer actions because, realistically speaking, they cannot impact (counteract) the national population and life-style pressures that precipitated the rise in land prices.

Given this fact of modern urban, exurban, and rural demographics and economics, goat producers necessarily pay the inflated cost of land and subsequently try to maximize off-take/acre via increasing yield of forage/acre and/or practicing accelerated kidding, or using crossbred animals while maintaining the largest sustainable herd size. (In some instances of very high land price, an owner is reduced to 'dry-lotting' his/her herd and purchasing all forages and supplements as required, but such a production system seems feasible only when and if abnormally high gross incomes can be generated via high-return niche-marketing endeavors. (We know of two such operations in VA and NE, and there are probably others in both countries).

It should be noted that seemingly high input costs in this or that locale do not preclude positive margins of profit if concomitant gross sales income is sufficiently high within the production area. This situation occurs in the U.S. (northeastern seaboard and west coast areas) and in Canada (Quebec and Ontario).

Actions to overcome marketing constraints.

In the U.S., the majority of meat goats are produced in states that are spatially removed from states with the largest population of ethnic, and other, consumers. The Canadian situation is rather similar in the western Provinces, but less so in the eastern Provinces of Ontario and Quebec. In any case, the distance between production units and consumers of goat meat leads to two adverse industry circumstances: lower producer income and higher consumer prices.

The U.S. beef, pork, and lamb industries have reduced 'hauling costs' by relocating packing plants closer to animal production areas coupled with shipping boxed retail cuts of meat rather than carcasses. Contrarily, the U.S. goat industry has continued to transport live goats long distances from farms and ranches to packers located in or near highly urbanized areas of consumption. Such movement currently costs $8-12/carcass (25-38 cents/lb).

Urban packers pay these hauling and processing costs, plus charges for offal removal. They have been reluctant to 'break' carcasses into retail cuts because of increased labor costs and because goat meat customers have traditionally preferred to buy whole or half carcasses and have, to date, been slow to change culturally imbued cookery techniques not based on using retail cuts.

However, the LSU national survey of general and goat meat-eating consumers indicated improved acceptance of cuts, particularly so by newly emerging buyers/consumers of goat meat. These non-traditional buyers seem part of the 'locavore' movement that is also occurring in beef, port, lamb, and poultry sales. Such buyers are increasingly concerned with the provenance and on-farm treatment of their sources of meat as well as the humane handling and harvesting; some also seek 'natural or organic' goat products. Astute goat producers are beginning to target this burgeoning market. However, direct-marketing has several limitations and is not for everyone. Proceed with care, and adequate preparation.

Goat producers dissatisfied with their marketing opportunities due to lack of auctions or to long hauling distances have few alternatives for improving their situation. In some instances, producers might pool their sale animals and share the hauling costs involved; in other cases, order buyers come to producer locations to haggle and haul.

The most recent market alternative is for the producer to 'direct-sell' his offerings on-farm, or at nearby venues, to customers who buy live goats and do their own processing elsewhere. In rare instances, a producer will furnish State-approved facilities for harvesting and processing of his, and/or other, goats. Even more rarely, some producers sell ready-to-eat goat meat from mobile kitchens.

In some urban areas, goats are marketed via ‘u-kill’ facilities. In this scenario, goats are collected and put on offer at the facility and customers come, select, weigh, and pay for the goat, and then personally kill it, and carry off the desirable parts, as identified. The owner of the facilities makes a margin of profit on the buy-sell price difference. In another versions, area goat owners could bring their animals to a u-kill facility and sell to the customer/consumer. In such cases, the facility owner would charges a ‘kill-fee’ for use of the approved facility.

The motivation for direct-selling is, for the owner, hauling and weight shrinkage savings and, for the buyer, elimination of ‘add-on costs’ via the elimination of ‘middle men’ from the marketing channel, each of whom fulfills a specific need and required action—at a price, of course. Replacement or reduction in cost of such actions is difficult, if not impossible. Thus, the *economic* impetus for the growth of direct-marketing schemes.

References:

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