



Will Organic and Natural Beef Provide Growing Markets?

BY JANET MAYER

In 1959 Wolfe's Neck Farm, Freeport, Maine, began producing organic beef. People predicted they would soon go out of business. Now, 40 years later, the operation is still basically producing the same type of meat, and business has never been better.

In the Northeast, a natural-food chain store selling only organic and natural foods saw sales of natural and organically produced meats triple in the last four years.

For the Cates Family Farm of Wisconsin, the sale of natural beef relying on Angus genetics has provided a market that has steadily increased for the last 10 years. Cates' customers say it provides them with the opportunity to buy the lean, tasty, healthful meat products they are seeking.

Why are organic and natural foods becoming the hot commodity being prepared by everyone from gourmet chefs to soccer moms? With a large percentage of American consumers becoming more highly educated as to what they should eat to stay healthy, the food industry as a whole seems to be catering to those beliefs through a market that was virtually unheard of 50 years ago.

According to a news release by the Organic Trade Association in Greenfield, Mass., a group representing the interests of organic farmers and meat producers, consumers say they want to purchase organically produced meat and chicken because they have confidence that they are getting a product that is safe and wholesome. And, surprisingly, they are willing to pay extra.

Market researchers predict that the sale of organic foods and beverages will increase to \$6.6 billion by next year. Financial marketing reports from 1997 show that organic-food sales totaled \$4 billion, making this the fastest-growing segment of the retail market. Forty-two percent of mainstream grocery stores now stock organic products, with 25% of shoppers buying natural or organic foods at least once a week.

According to *Prevention* magazine, nine of 10 shoppers who eat organic and natural foods rank them as excellent or good in terms of nutritional value and long-term health benefits, and they also believe the foods are better tasting.

However, the demand for organic and natural foods, especially meat products, is sometimes greater than the supply. According to the U.S. Department of Agriculture (USDA), the number of farms producing meat that can be classified as organic or natural are relatively few. This short supply means customers must often search at small natural-food stores and farmers' markets or travel to farms to buy the meat products they want.

To further confuse the issue, consumers must worry if the meat they are buying is actually natural or organic or if the sellers are taking advantage of the latest food trend, selling conventional meat for the extra 50¢ to \$1/pound (lb.).

To offset these problems, meat labeled as *organic* or *natural* has come under guidelines set forth by the USDA. Until 1999 the agency did not allow any meat or poultry products to carry labels stating they were organic.

Instead, the products could only be labeled as having been produced at an operation that had been

certified organic by one of 33 private or 11 state-run groups approved by the USDA's Food Safety and Inspection Service (FSIS).

To be certified organic, an operation had to grow crops without the use of pesticides and fertilizers, and all feeds for slaughter animals had to be certified organic. No growth hormones or antibiotics could be used, and housing had to meet requirements that allow livestock or poultry appropriate space with proper ventilation, access to the outdoors and proper protection from the elements.

The natural meat label was available to farms not certified organic, but the meat still had to be produced without the use of antibiotics or growth hormones.

In April of this year the USDA allowed meat and poultry companies to apply for the right to label their products "certified organic." The new labeling is an interim move until the USDA's Agricultural Marketing Service (AMS) proposes a definition of *organic* for all farm products. This final rule is expected later this year.

At present, less than 1% of all meat and poultry is being produced according to organic guidelines. Why? One beef producer says it costs about 25% more to produce natural beef because the cattle take more time to reach market weight without artificial assistance. If organically certified grain were fed, the cost to produce the meat would go even higher.

Taking these facts into account, producers considering this method of producing beef should do adequate market research before embarking on changing their operations, advises Erskine Cash, professor at Pennsylvania

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State University College of Agricultural Sciences and beef coordinator for the university herd.

“With the profit margin we have in the industry, producers need to know they could be sacrificing 10% to 20% on feed efficiency and rate of gain if they are feeding cattle without the advantage of growth stimulants and ionophores, which promote feed efficiency,” Cash explains. “And the biggest negative is, if you don’t have a market to compensate you for those losses, then you obviously won’t make it.”

What of the beef industry?

What is its stance on organic and natural meats? The National Cattlemen’s Beef Association’s (NCBA’s) executive director of quality assurance, Gary Cowman, says the association recognizes that there is currently a niche market for organic and natural meats.

“Our only concern is when people imply that organic or natural meat is safer than regular beef,” says Cowman. “We support the position that antibiotics and hormones are safe, cost-effective, fat-lowering substances. And, for quite some time, we have discouraged feedlots from the routine use of subtherapeutic antibiotics.

“Regardless of the expensive prices charged for organic products, the markets for milk, fruit and vegetables are growing. I think the market for organic meat will probably also continue to grow at the same pace because it is apparent there is a customer demand for this type product,” Cowman says.



FINDING THEIR NICHE

Is organic or natural beef production a market niche you might want to pursue? Why go back to ways of raising meat that were the standard some 60 years ago when the ultimate goal for most beef producers today is to economically produce the lean, tasty beef the consumer wants?

Wolfe’s Neck Farm

The late Mr. and Mrs. Lawrence Smith of Philadelphia began using organic production techniques at Wolfe’s Neck Farm of Freeport, Maine, in 1959 because they believed in farmland preservation and chemical-free production. The 900-acre saltwater farm was inherited in 1988 by the University of Southern Maine and is currently operated as a nonprofit foundation originally set up by the Smith family. The mission of the foundation is to educate people and to demonstrate to them the source of their food.

Registered and commercial Angus cattle were the original breed at the farm. However, under the management of Erick Jensen, a three-way rotational cross is now used, with Angus as the foundation. The size of the herd runs to about 120 cows with additional steers purchased to fill the quota of 250-300 steers finished each year.

Jensen says crops raised at the farm are organic, but the high-grain diet fed to the cattle is purchased feed that is not organic, preventing the meat from being labeled as “Certified Organic Beef.” Instead it currently goes under the labeling of “Natural Beef.”

Meat is sold by the cut through mail order, at a retail outlet at the farm and, since last year, through a full-service meat counter in the Portland (Maine) Publix Market.

“It was a great opportunity to sell fresh retail meat to the consumer and showcase what we are doing,” Jensen explains. “We also sell to about 150 natural-food stores throughout New England, New York and New Jersey. Business is so good, our sales to natural-food stores has increased about 200% this past year.

“I think the market for natural and organic product is definitely growing. I don’t think the consumer really cares what the label says as long as they are getting beef that has been grown without hormones and antibiotics and has been treated in a humane manner. Most get their only exposure to agriculture through what they see on *Dateline*, *60 Minutes* and *20/20*, so they think everyone is producing food that way. They buy from us because they understand the source, and they trust us.”

Cates Family Farm

Dick and Kim Cates, owners of Cates Family Farm in Spring Green, Wis., have not been in the business of producing natural beef as long as Wolf’s Neck Farm. However, they have learned a lot from their 10 years in the business.

The family has spent more than 30 years in the cattle business, running a stocker operation that grows about 800 head of cattle per year on the 700-acre farm. Since 1989 about 40 head of Angus cattle are finished yearly to supply the natural-beef enterprise of the operation.

Cates says they began producing natural beef because he wanted to produce beef with his own name on the label, and he figured there was a market for such a product.

“Actually, we started with late-maturing Continental breeds that we [harvested] directly off of pasture,” he recalls. “My family was very gracious when we started out. They would eat the meat even though it really tasted like glorified shoe leather.”

The operation converted to Angus and Angus crosses, which fit the grass program at the farm better since they matured earlier than the Continental breeds. Most of the cattle are bought in the early spring from Mike Marr, a nearby Angus breeder. The cattle are fed grass until the growth slows in late summer; then they are stepped up on grain until they reach a full consumption of 15 lb./day. At that point a feedlot ration is fed for 60 days or until slaughter. Cates calculates total grain consumption to be about 1,200 lb. for a 1,000- to 1,100-lb. steer.

“I have a great respect for organic farmers, but it didn’t fit what was meaningful for us,” he says. “We find that our customers are pretty middle-of-the-road, and most like to buy locally. They aren’t necessarily interested in organic, but they want beef that is free of growth-promoting hormones and antibiotics.

“They want a little less fat, but they still want the meat to taste good. So, of course, the fact that we are selling Angus is a real plus because the customers perceive it as being good beef. We have tried to maintain a consistent product, which I think we have. Our customers keep coming back, and it just makes me feel good to have produced a meat that sells this well.”