

Overview of Niche Pork Market Trends and Opportunities for Farmers

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Market Research and Market Trends



2006 Natural Foods Merchandiser Market Overview:

- Natural product sales topped \$51 billion
- Natural Product Retail Sales continues double-digit growth
- Meat is the fastest growing natural segment
- 43% of consumers purchased more natural and organic products
- Consumers are willing to pay a 30% premium for natural
- Consumers are willing to pay a 40% premium for organic
- Sales of organic meats grew by 67.4%

The logo for Mintel, featuring the word "MINTEL" in a serif font. The letters "M", "I", "N", and "T" are in all caps, while "E" and "L" are in a smaller, lowercase serif font. The logo is set against a yellow rectangular background.

Mintel International Group Ltd
consumer, media and market research

Organic Foods – US – 2006:

- **Market more than doubled from 2001 to 2006**
- **Number of organic livestock grew by 121% between 2000 and 2003**
- **Organic meat sales increased 140% between 2004 and 2006**
- **All organic products expect 44% growth from 2006 to 2011**
- **Organic meat growth is expected to grow 71% from 2006 to 2011**

An Evaluation of the Importance to Consumers of Selected Niche Pork Attributes

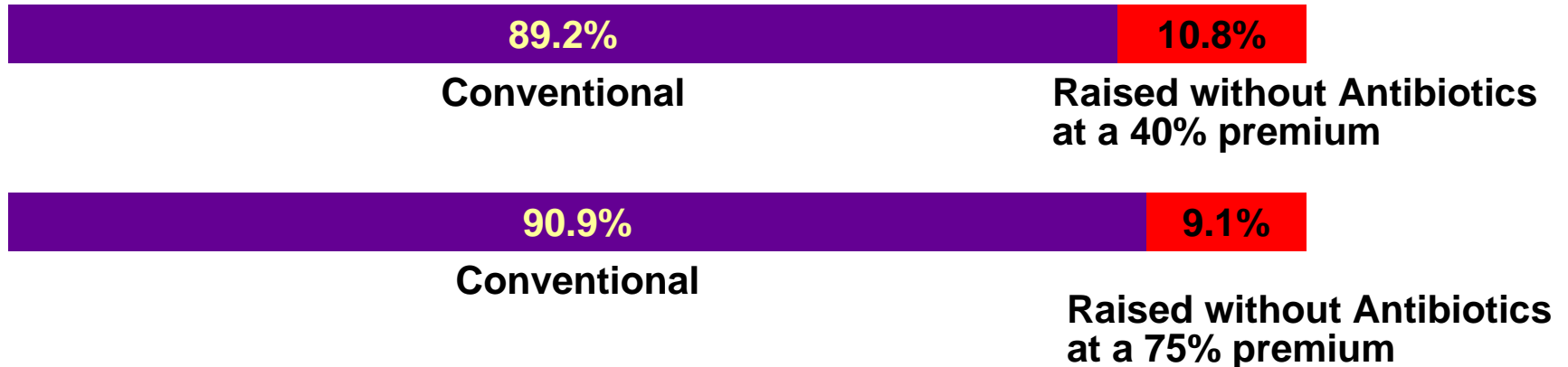
*R Parker & Associates, Inc. / Ashcraft Research
May 2005*

***Funded by the National Pork Board and the Pork Niche Market
Working Group.***

www.pnmwg.org/projects_reports/Nicheconsumerresearch.pdf

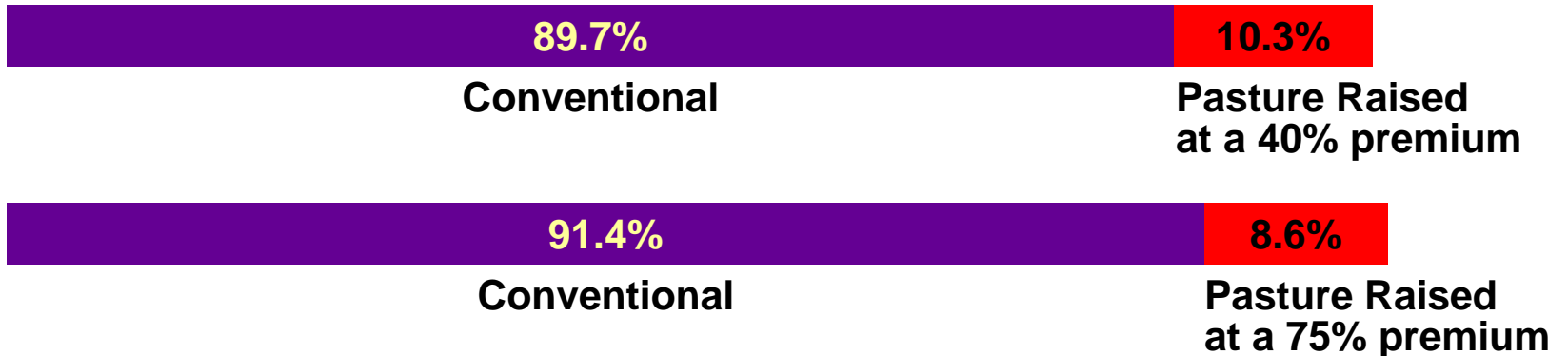
Simulations of Single Attributes

What is the estimated market potential when **pork raised without antibiotics** is sold along with conventional pork?



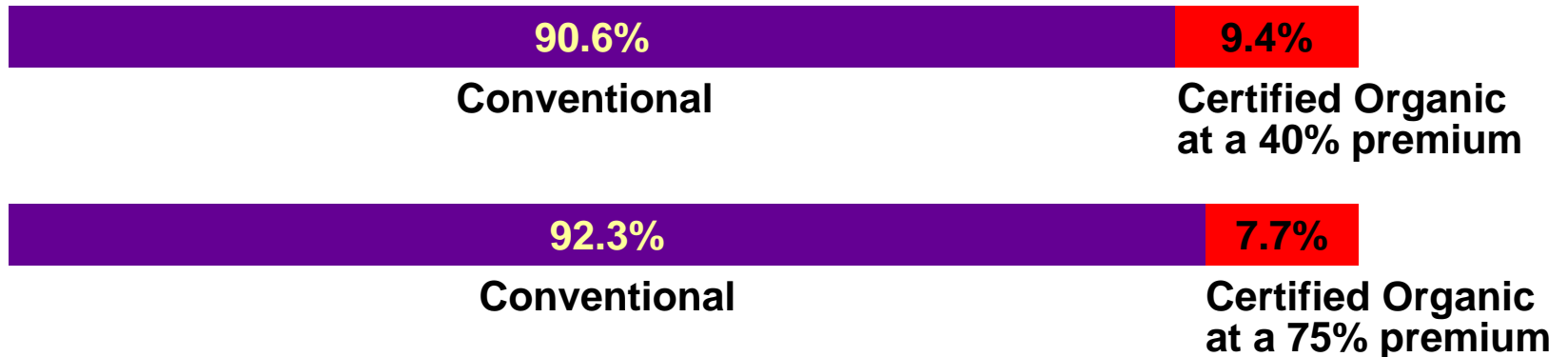
Simulations of Single Attributes

What is the estimated market potential when **pasture raised pork** is sold along with conventional pork?



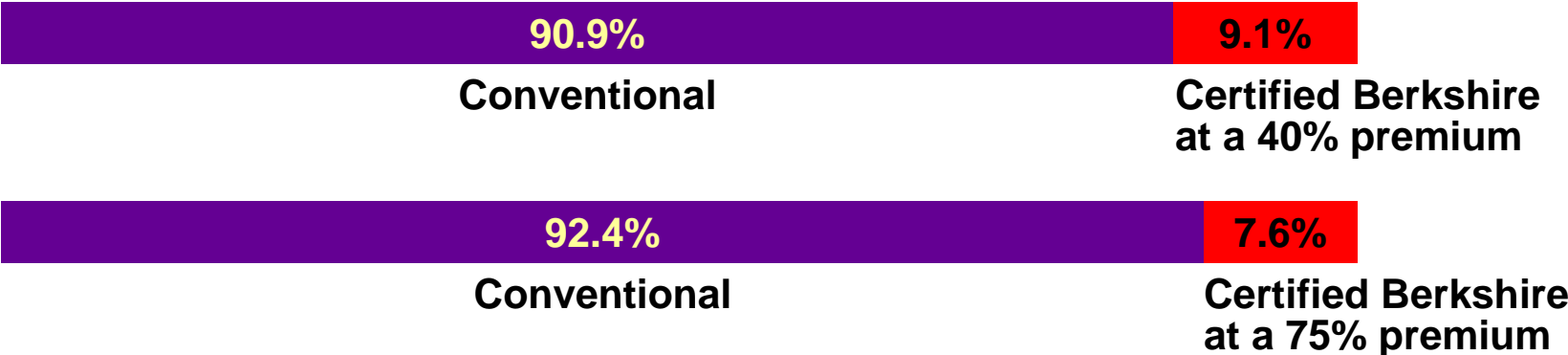
Simulations of Single Attributes

What is the estimated market potential when **certified organic pork** is sold along with conventional pork?



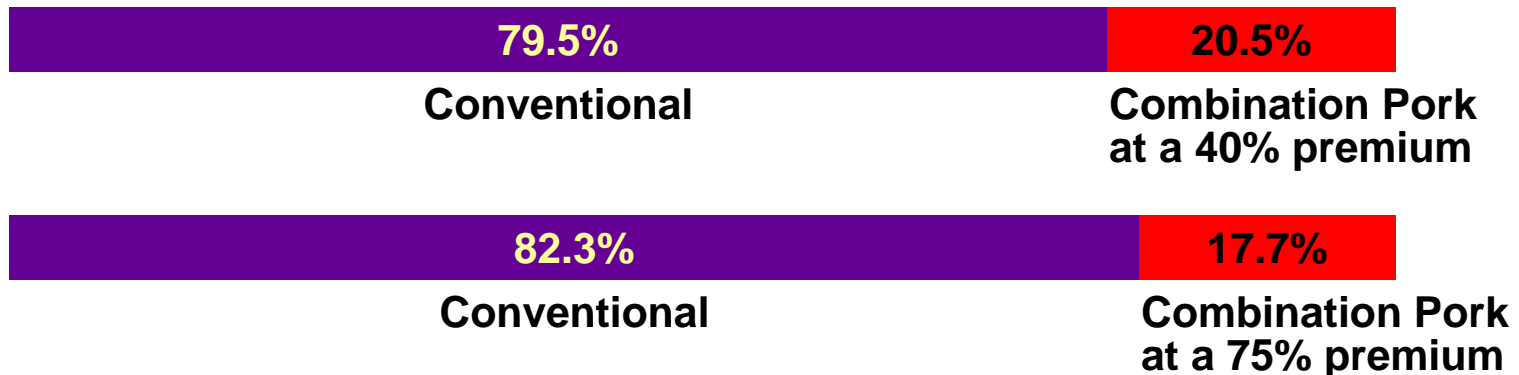
Simulations of Single Attributes

What is estimated market potential when **certified Berkshire pork** is sold along with conventional pork?



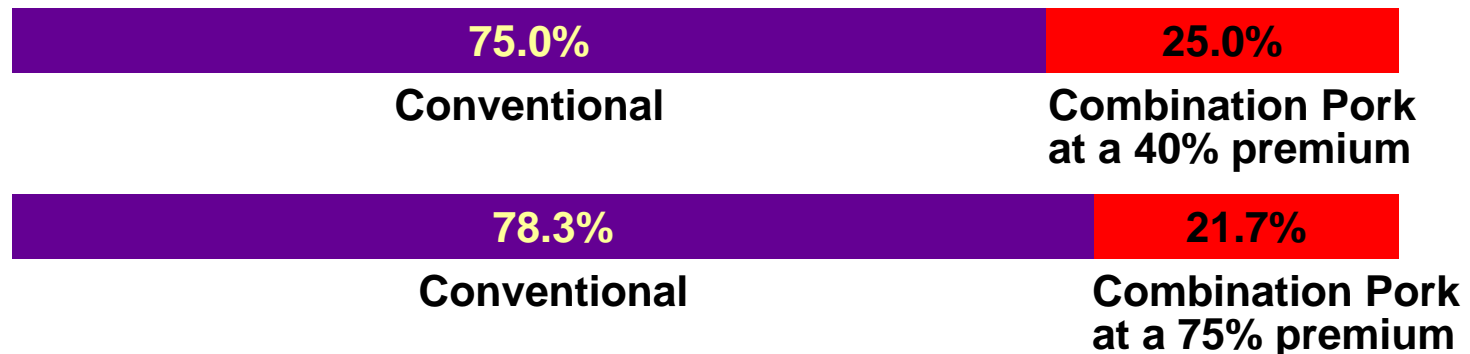
Simulations of Attribute Combinations

What is estimated market potential when a combination pork product (*raised without antibiotics, growth promotants, and animal by-products*) is sold along with conventional pork?



Simulations of Attribute Combinations

What is estimated market potential when a combination pork product (*pasture raised, raised without antibiotics, raised without growth promotants, raised without animal by-products*) is sold along with conventional pork?





No Antibiotics Ever!
 No Nitrate or
 Nitrite Added
 No MSG



No Nitrate or Nitrite Added
 No MSG
**Wholesome
 Goodness**
 • NO PHOSPHATES
 No Artificial or Synthetic
 Ingredients Added

GRAB YOUR SHARE OF THE EXPLODING NATURAL FOODS CATERGORY

Natural/Organic Food Sales are increasing 18-20% annually. Natural Meat has growth potential of 200% Delicious flavor. Beautiful presentation. High-quality packaging.
 Contact us today @ 800-862-0060 and let us assist you in building your all-natural processed meat program.

Pure Farms - Pure Food - Barrington, Illinois 60010

Contact Us @ 1-800-862-0060

or e-mail us at requestinfo@purefarms.com

We specialize in:

- Ham Steaks
- Canadian Bacon
- Smoked Hickory Bacon
- Maple Bacon
- Sausage
- Spiral Carved Whole & Half Hams
- Boneless Whole & Half Hams
- Mini Boneless Hams

Example of demand:

-2004 phone call and email from Chicago-area ham, bacon, and sausage processor

-does private label processing for high-end grocery stores

-seeking antibiotic-free hogs

-need a truckload of bellies every other week

Example of demand: 8/30/04 email from Coleman Natural Meats

Dear Sir/Madam,

My name is Dale Dexter. I oversee the Natural Pork Program at Coleman Natural Meats (Golden, Colorado). I have enjoyed reading the information on your website and would like to receive your newsletter on a regular basis.

We are always looking for Pork Producers that can supply, what we call “Never Ever” hogs—never received antibiotics or growth hormones.

Thank You,

**Dale R. Dexter, Ph.D.
Coleman Natural Meats**

Berkshire breed finding strong interest among customers seeking excellent eating quality

NATION'S RESTAURANT NEWS

CULINARY CURRENTS

October 4, 2004 • 47

Chefs 'pig out' on Berkshires, heirloom hogs prized for flavor and texture

By Bret Thorn

Chefs seeking new ways to differentiate themselves with premium products aren't just procuring heirloom produce and specialty fish. Now an increasing number of them also are looking at heirloom hogs, or more specifically, Berkshire pork.

Thought to be discovered by British revolutionary Oliver Cromwell in Reading, England, more than 300 years ago, Berkshires generally are regarded highly for their good texture and flavor, and remain a highly regulated breed. American farmers wishing to register a litter of pigs as Berkshires must apply with the American Berkshire Association and provide proof of the animals' pedigree.

"You can see they have a nice build," says Jarrod Verblack, chef of Three Birds restaurant in Lakewood, Ohio. "They have good hams on them and . . . a good belly."

Verblack clearly likes their jowls, too, which he recently made into guanciale by curing them for 30 days in sugar, salt and spices. He served them in a risotto with artichokes and chanterelles at a dinner. *Restaurant Interior: From*



Above: Peter Pahl, executive chef of the Silverado Resort in Napa, Calif., uses thinly sliced Euro-style pork in a fry in olive oil for his version of a B.L.T.

Summary of Top Attributes Being Sought

- # 1: Quality - need consistently high quality**
- # 2: “Never-ever” antibiotics, hormones, or animal by-products**
- # 3: Non-confined, bedded systems**
- # 4: Family farms (ie the “story”)**
- # 5: Breed specific (ie Berkshire)**
- # 6: Verify claims/traceability (3rd party best)**
- # 7: Certified organic (small but loyal market)**



Opportunities: Who is
looking for farmers to raise
hogs for niche markets?

Niche Pork Brands Involved in PNMWG



Beeler's Naturally Pure Pork

Brunsville, IA

Requirements:

- **No antibiotics, growth promotants, or animal by-products in feed**
- **No crates (farrowing or gestation)**
- **Bedding and outside access required**
- **Seeking farrowers and finishers**
- **Contact Tim Beeler at 515-490-8585 or tbeeler@beelerspork.com**



**100% PURE AND NATURAL* PORK. HOGS
RAISED WITHOUT ANY ANTIBIOTICS,
GROWTH PROMOTANTS, VACCINES,
INJECTIONS OR VERMIFUGES**!**

* No artificial ingredients and only minimally processed
** Chemicals used for the treatment of parasites

Organic Valley Coop/Organic Prairie - LaFarge, WI

Requirements:

- **50% Berkshire**
- **certified organic**
- **Contact James Frantzen at 888-444-6455 or james.frantzen@organicprairie.com**



Wholesome Harvest Colo, IA



Requirements:

- **50%+ Berkshire**
- **Certified organic**
- **For application visit**

www.wholesomeharvest.com/servlet/the-template/producer/Page

Eden Natural - State Center, IA

Requirements:

- **100% Berkshire**
- **No rendered animal by-products in feed**
- **Minimum 100 day antibiotic withdrawal**
- **Also need hogs raised without antibiotics**
- **Seeking farrow-to-finish and finish only**
- **Contact Kelly Biensen at**

641-483-2292 (o)

641-485-0549 (cell)

info@betterpork.com



New Generation Ag Marketing

Ames, IA

Requirements:

- **No antibiotics**
- **No animal by-products in feed**
- **No crates; bedding and outdoor access required**
- **Also seeking certified organic hogs**
- **Contact Donnie Sheldon at 765-346-0988 or abfpigman@hotmail.com**

Niman Ranch

Latimer, IA

Requirements:

- **High meat quality**
- **No antibiotics, hormones, or animal by-products;**
- **No crates; bedding and outdoor access required**
- **Contact janeth@nimanranch.com or call 641-579-6594**

**Niman Ranch
Pork Company**



*Rewarding the family farmer...
with premium prices for hogs raised
the way nature intended*

Blue Water Pork

Hubbard, IA

Requirements:

- **No antibiotics, no hormones, no animal by-products in feed**
- **Bedding and outdoor access required**
- **Also seeking certified organic hogs**
- **Contact Al Doering at
641-640-8000 (cell) or
aldoering@plantpioneer.com**



Evaluating Opportunities



- **Options not equal**
- **Farmers must do “due diligence”**

Pricing Opportunities:

- **Fixed Price** – More common in organic production
- **Market-based Price** – Premium over market of \$5 - \$10 per cwt.
- **Contracts available from some companies**
- **Summer Delivery** – Premium for winter farrowing
- **Grade and Yield** – Premiums for carcass weight and backfat/lean percent
- **Floor** – Decreasing availability

Increasingly important: comply with third-party animal welfare protocols



*Meets the Humane Farm Animal Care Program standards, which include nutritious diet without antibiotics, or hormones, animals raised with shelter, resting areas, sufficient space and the ability to engage in natural behaviors.



animalwelfareapproved.org



Certified Organic Pork Production Requirements

- **Only certified organic feeds**
- **No GMO derived feeds, supplements, or additives**
- **No antibiotics, paraciticides, hormones, tail docking, farrowing crates, slatted or wire floors**
- **Feeding of rendered animal by-products prohibited**
- **Pigs cannot be weaned before six weeks**
- **Access to outdoors after weaning**
- **Must be certified by an approved organization**
- **All sleeping areas must be deep-bedded; bedding must be 6 inches deep and from a certified organic source**

Key Questions to Answer



- 1. Do I start something new or partner with existing companies?**
- 2. Can I meet production standards?**
- 3. What support does the company offer?**
- 4. Can I make money?**
 - a) Cost of production**
 - b) Prices received**
 - c) Whether systems in place to share profits**

Other Key Questions to Answer

- 5. Does the company have a good track record?**
- 6. Does the “brand” have a strong position in the marketplace?**
- 7. Are strong management and operations teams in place?**
- 8. Are there good partnerships with processors, distributors, and customers?**
- 9. Is a strategic plan in place for continued innovation to maintain the niche over time?**
- 10. Is there adequate transparency and communication?**