

# **Pork Niche Market Working Group (PNMWG) Review and Planning Presentation**

**Sept. 19, 2007 PNMWG Meeting**

## ***PNMWG Mission Statement***

- **foster successful niche pork value chains that are**
  - **profitable to all participants**
  - **incorporate farmer ownership and control**
  - **contribute to environmental stewardship and rural vitality.**

## ***Principles***

- **Farmers Must Benefit**
- **Collaborative Strategies**
- **Shared Information/Transparency**
  
- **Initiated January 2002**
- **21 meetings**
- **\$1,202,840 secured for coordination, meetings, communications, and 29 R&D projects**
- **Core group: 20 people from 9 organizations and 5 niche pork companies**

# PNMWG Core Groups

## **9 organizations**

- Practical Farmers of Iowa
- Leopold Center
- Iowa State University and ISU Extension
- Iowa Pork Industry Center
- Iowa Pork Producers Association
- National Pork Board
- USDA Rural Development
- AgMRC
- Iowa Institute for Cooperatives


## **5 companies (11 total involved)**

- Niman Ranch
- Eden Natural
- Green Visions
- Vande Rose Farms
- Organic Valley

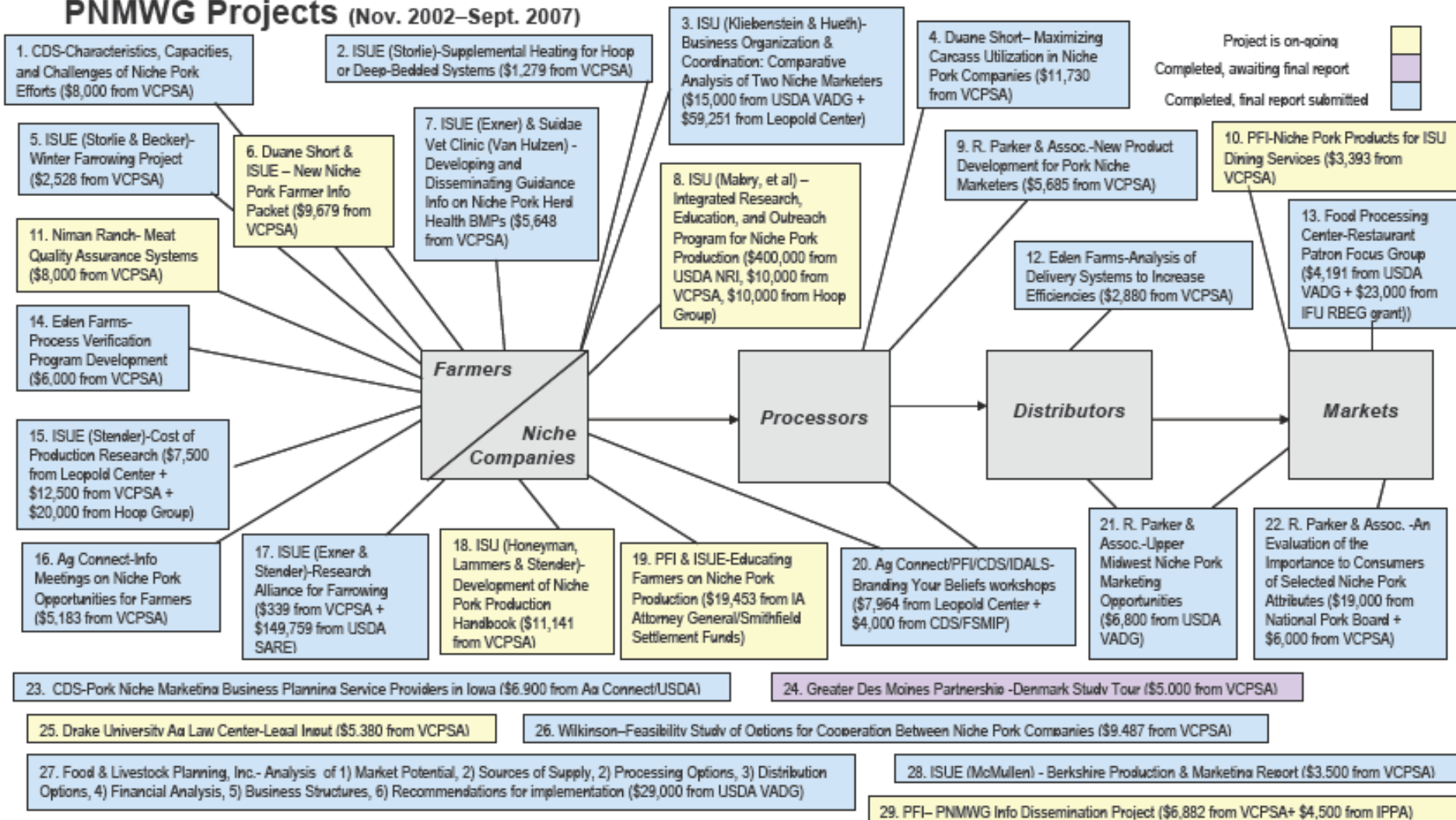


 **Fine Iowa Meats**  
*Where You Know the Source*



 **FAMILY FARM RAISED**  
**CERTIFIED ORGANIC BERKSHIRE PORK**

# PNMWG Projects (Nov. 2002–Sept. 2007)



<b>Table 1. PNMWG Funding by Use (6 years)</b>		
<b>Coordination</b>	<b>\$164,507</b>	<b>\$27,418/yr</b>
<b>Other (mtgs, newsletter, etc.)</b>	<b>\$58,986</b>	<b>\$9,831/yr</b>
<b>Overhead Total</b>	<b>\$223,493</b>	<b>\$37,249/yr</b>
<b>R&amp;D Projects Total</b>	<b>\$979,347</b>	<b>\$163,224/yr</b>
<b>Total</b>	<b>\$1,202,840</b>	
<b>Total VCPSA \$</b>	<b>\$307,433</b>	<b>25%</b>
<b>Non VCPSA \$</b>	<b>\$895,407</b>	<b>75%</b>

<b>Table 2. Who Got</b>	
<b>ISU</b>	<b>\$581,907</b>
<b>PFI</b>	<b>\$447,240</b>
<b>Consultants</b>	<b>\$123,213</b>
<b>Niche Pork Companies</b>	<b>\$50,480</b>

<b>Table 3. Funding Sources</b>	
<b>USDA</b>	<b>\$726,203</b>
<b>Kellogg Foundation/Wallace-Winrock</b>	<b>\$297,946</b>
<b>Leopold Center</b>	<b>\$109,251</b>
<b>IA Attorney General's Office</b>	<b>\$19,453</b>
<b>National Pork Board</b>	<b>\$19,000</b>
<b>Iowa Pork Producers Association</b>	<b>\$16,500</b>
<b>SYSCO</b>	<b>\$9,487</b>
<b>Iowa Institute for Cooperatives</b>	<b>\$5,000</b>

**\$46,000 in Sept. 2006 – Aug. 2007 funds from Value Chain Partnerships (VCP SA) Project (Wallace-Winrock dollars) - \$34,000 for coordination and meeting expenses and \$12,000 for R&D projects**

**Sept. 2006 – Aug. 2007 PNMWG Objectives**

- 1. Increase purchases from farmers by 3 businesses totaling \$150,000**
- 2. Increase sales by 4 businesses totaling \$750,000**
- 3. Increase profitability of 50 farmers**
- 4. Leverage Wallace resources to obtain at least \$25,000 in additional funds for PNMWG activities**
- 5. Develop a sustainability plan for the PNMWG**

	<b>Sept. 05 - July 06</b>	<b>Sept. 06 - July 07</b>	<b>Dollar change</b>	<b>Percent change</b>
<b>Purchases from farmers</b>	<b>\$17,647,306</b>	<b>\$20,375,828</b>	<b>+\$2,728,522</b>	<b>+16%</b>
<b>Gross sales</b>	<b>\$3,395,364</b>	<b>\$7,761,428</b>	<b>+\$4,366,064</b>	<b>+129%</b>

# **Sept. 2006 – Aug. 2007 PNMWG Workplan Topics**

- **Disseminate info generated by projects**
- **Encourage cooperation between niche pork companies**
- **Develop plans for PNMWG future**
- **Production support for existing & new niche pork farmers**

# Disseminate info generated by PNMWG

PNMWG - Projects and Reports

## Niche Pork News



Summer 2007

### Maximizing Carcass Utilization Project

Selling more of the hog at premium prices is one key to success for farmer-led companies involved in the PNMWG. Typically, parts not sold as branded products are sold back to processors at commodity prices. This means cuts sold as branded products must command even higher prices, which in turn presents problems in securing and maintaining customers.

At the same time that deficient carcass utilization was hurting profits of PNMWG members, another PNMWG study found that helping niche pork companies work together to market more of their pork as differentiated products was one promising way to facilitate collaboration. What was needed was a study to determine how much of each part was not being sold at a premium price, plus who was interested in buying these products.

Duane Short, a consultant with a background in the meat industry, received funding from the PNMWG to

determine the potential to aggregate carcass parts from farmer-led niche pork companies to sell at premium prices to other companies. Eight companies involved in the PNMWG were contacted to determine excess product availability. The study found that at current levels there was 167,700 lbs. of excess product available, and if companies expanded to meet known sales opportunities for premium products another 123,850 lbs. would be available. Trim meats made up the greatest amounts available, followed by bone-in ham, and picnics. Surprisingly, the study found significant quantities of pork loin available as well.

Mr. Short also investigated two other topics. One who was interested in purchasing these products, the other was what attributes they were seeking. Interviews conducted with bacon, ham, salame, sausage, and other processors across the country found significant interest in antibiotic-free (ABF) and organic pork, but little

interest in welfare standards.

The study concluded with these summary findings:

1. There is a supply of natural and organic pork available by aggregating excess production from niche pork companies to meet the needs of further processors.
2. Some companies have a need for certain cuts, but the practicality of trading products between niche companies is limited by varying production protocols and label claims.
3. Further processors are seeking antibiotic-free (ABF) and organic pork. There is little interest in breed-specific or animal welfare claims in further processed products.
4. Commodity pork companies are developing significant supply

(Continued on page 2)

### Guidebook on Managing for Herd Health Completed

#### Managing for Herd Health

in Alternative Swine Systems: A Guide



Medical Farmers of Ohio and Iowa State University Extension  
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Managing for Herd Health in Alternative Swine Systems, a new herd health guidebook funded through USDA NCR-SARE, the Value Chain Partnerships Project, and the PNMWG is now available. The guidebook, which was edited by Rick Exner, Farming Systems Coordinator for Practical Farmers of Iowa, is a collaborative effort of twenty people. These included several private swine veterinarians, faculty at the College of Veterinary Medicine at Iowa State University, and various niche pork farmers. Two key people involved in its development included Dr. George Beran and Dr. Kurt Van Hulzen.

Core sections include 1) Principles and Strategies for Success,

2) Biosecurity, Pig Flow, and Introduction of Stock, 3) Diagnostics and Veterinary Services, and 4) Vaccinations and Tests. Also included are sections on the breeding herd, the farrowing phase, and the nursery/grow-finish phase. Case studies are used to illustrate points made in the text. Farmers also provided "words of wisdom" quotes throughout to drive home key concepts.

The guidebook is available online at <http://www.pfi.iastate.edu/pigs.htm>. This website also includes a place for entering comments and suggestions for future revisions to the guidebook. Or you can contact Rick Exner at 515-294-5486 or [drexner@iastate.edu](mailto:drexner@iastate.edu).



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### Projects and Reports

The PNMWG supports various projects and activities to address challenges facing niche pork efforts. [See how our projects fit in a pork supply chain \[PDF\]](#). Below are links to reports of these projects and activities. For more information please contact the PNMWG Coordinator, Gary Huber.



- [Overview of Niche Pork Market Trends and Opportunities for Farmers](#) Gary Huber (6/15/07) [PDF]
- [Maximizing Carcass Utilization in niche Pork Companies: Summary of Results](#) - Duane Short (6/29/07) [PDF]
- [Managing for Herd Health in Alternative Swine Systems: A Guide](#) (6/07) [PDF]
- [Eden Natural Process Verified Program Development Report](#) (6/07) [PDF]
- [Areas of Possible Collaboration Among Niche Pork Companies Report](#). Ann Wilkinson (1/07) [PDF]
- [Specialty Pork Marketing Opportunities](#) (11/06) Gary Huber The Iowa Pork Producer [PDF]
- [2006 PNMWG Annual Evaluation Results](#) (9/06) [doc]
- [Berkshire Production and Marketing Report](#). (8/06) [PDF]
- [Berkshire Production Decision Aids](#). (8/06) [Excel]
- [Berkshire Production and Marketing Power Point](#). (8/06) [PPT]
- [The United States pork niche market phenomenon. American Journal of Animal Science](#). (8/06) [PDF]
- [Marketing Specialty Hogs: A Comparative Analysis of Two Firms from Iowa](#) - Hueth, Ibarburu, Kliebenstein (March 2006) PDF]
- [An Evaluation of the Importance to Consumers of Selected Niche Pork Attributes](#) - R Parker & Associates, Inc./Ashcraft Research (May 2005) [PDF]
- [Supplemental Heating System for Hoop Systems](#) - Mark Storie (12/04) [PDF]
- [PNMWG Needs Assessment Survey Results](#) (8/04) [PDF]
- [Pork Niche Opportunities Meetings Final Report](#) - Tim Ennis (6/17/04) [PDF]
- [Winter Farrowing Greenhouse Project](#) - Jude Becker (6/16/04) [PDF]
- [New Product Development for Pork Niche Marketers](#) - R. Parker and Associates, Inc. (6/10/04) [PDF]

# Specialty Pork Marketing Opportunities



by Gary Huber, Practical Farmers of Iowa

**A**s coordinator of the Pork Niche Market Working Group (PNMWC), I work with various groups to help farmers raise and market specialty pork products. This article identifies market trends for specialty pork products and describes issues to consider when evaluating whether to raise and market specialty pork. It also includes a list of niche pork companies that are looking for farmers to raise hogs that meet their requirements.

## Market trends

Many grocery stores and restaurants are seeking niche pork products in response to consumer demand and desires to be different from competitors. The market for these products is substantial. Recent research conducted by the National Pork Board and PNMWC found that the market potential of niche pork products appears to be as high as 25 percent of the fresh pork market. And an article in the *Journal of Animal Science* estimated the current US niche pork market to be as large as 500,000 to 750,000 pigs annually.

The following attributes are of most interest to niche pork customers.

- Exceptional quality. Berkshire brands are a good example of products with superior quality attributes.
- Raised without antibiotics. While demand for pork from hogs raised without antibiotics has increased, some have noted that antibiotic-free pork is no longer a niche product.
- Animal welfare. Various groups have standards for animal welfare attributes, which can involve requiring bedding and outdoor access.
- Certified organic pork. USDA regulates standards for these pork products, which are some of the most restrictive of any niche product.
- Traceability and authenticity. Being able to trace pork back to the farm is increasing in importance. So is being able to tell compelling stories about the families who raise the hogs.

## Issues to address

**Q. Do you start something new or team up with an existing effort?**

- A.** Mike Lorentz of Lorentz Meats, a processor in Cannon Falls, MN, tells farmers to sell as much as possible directly to consumers and partner with existing companies to market to larger customers. The reason involves huge challenges when marketing pork directly to grocery stores and restaurants.



**Q. Can I meet the production requirements?**

- A.** A key issue is whether you can raise the hogs. For example, eliminating antibiotics and farrowing crates require different skills and facilities.

**Q. Can I make money?**

- A.** This is the bottom line. Whether or not you make money will depend on 1) how much it costs you to raise the hogs, 2) the prices you receive, and 3) whether there are systems in place to share in profits.

**Q. Does the company have a good track record?**

- A.** Farmers should investigate the company's track record. How long has it been in business? What are annual sales, and how has the company changed over time?

**Q. Does the brand have a strong position in the marketplace?**

- A.** Is the brand well known? How do customers perceive the brand? Ask company representatives. Answers should include evidence like reviews by food journalists. You also can search the Internet for brand information.

**Q. Are strong management and operations teams in place?**

- A.** Competent staff are important. Ask for information on key staff, such as employment histories. Talk to farmers involved about the company's management.

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# Encourage cooperation between niche pork companies

## AREAS OF POSSIBLE COLLABORATION AMONG NICHE PORK COMPANIES

SUBMITTED TO THE  
PORK NICHE MARKET WORKING GROUP

BY ANN WILKINSON  
JANUARY, 2007

FUNDED IN PART BY LEOPOLD CENTER FOR  
SUSTAINABLE AGRICULTURE AND MATCHING DOLLARS  
FROM SYSCO CORPORATION.

## Top areas for collaboration:

1. Carcass utilization
2. Less-Than-Load (LTL) transportation
3. Sourcing and procurement (live hogs)
4. Market intelligence
5. Coordinated access to large markets such as export sales



# Cooperation: Vande Rose Farms & Eden Natural collaborate on LTL transport

## Hot market drives demand for Iowa's Vande Rose meat



HOLLY MCQUEEN/REGISTER PHOTOS  
Steve De Bruin, CEO of Vande Rose Farms, holds a slab of Premium Hereford Beef at the sales and distribution center, 205 E. 18th St. in Des Moines. Vande Rose Farms ship premium Duroc pork and Hereford beef products to California and the East Coast.

Specialty pork, beef gains favor on both coasts



# **Develop plans for PNMWG future**

**Option 1: create a trade association of niche pork companies**

**Option 2: an existing group incorporates the PNMWG as a program/project of that group**

**Option 3: continue status quo**

# Production support for existing & new niche pork farmers

## Managing for Herd Health in Alternative Swine Systems: A Guide



Practical Farmers of Iowa and Iowa State University Extension

With support from the USDA Sustainable Research and Education (SARE) Program and the Value Chain Partnerships for a Sustainable Agriculture project of the Leopold Center, Practical Farmers of Iowa, and Iowa State University.

### Budget using actual '06 average data from 41 niche farms

Enter input values in yellow grid-lined cells.

#### Pasture or Total Confinement

##### Production Efficiencies

Weaning average	6.7	pigs per litter
Pig death loss	8.3%	
Sow death loss	6.2%	
Litters per sow per year	1.5	
Litters in sow lifetime	4.0	

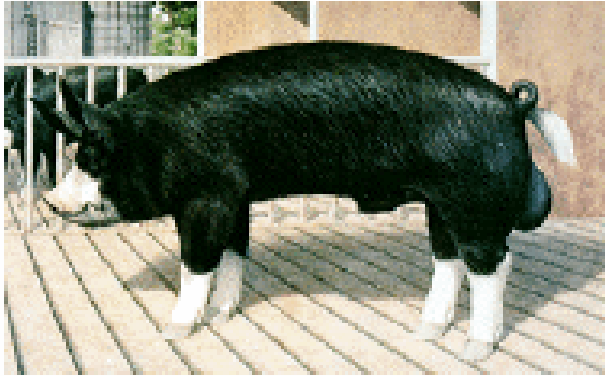
##### Income

	Price	Unit	Quantity	Unit	Total
Market Hogs	\$0.50	per lb	273	lbs x 5.99 / head	= \$818.17
Cull Sows	\$0.35	per lb	450	lbs x 0.25 / head	= \$39.38
<b>Gross Income</b>					<b>\$857.54</b>

##### Variable Costs

	Price	Unit	Quantity	Unit	FE adjust			
<b>Feed Costs</b>								
Com	\$2.19	per bu	102	bu	102	=	\$224.26	\$ 13.06
Soybean meal	\$0.09	per lb	1214	lbs	1214	=	\$109.22	\$ 6.36
Other	\$1.00	per lb	0	lbs	0	=	\$0.00	\$ -
Vitamin & minerals	\$0.45	per lb	37	lbs	37	=	\$16.48	\$ 0.96
Vitamin & minerals	\$0.30	per lb	99	lbs	99	=	\$29.81	\$ 1.74
Pasture	\$30.00	per acre	0	ac		=	\$0.00	\$ -
Feed Additives						=	\$22.00	\$ 1.28
Other						=	\$49.44	\$ 2.88
<b>Total Feed Costs</b>				7084 lbs			<b>\$451.21</b>	<b>\$ 26.28</b>
Veterinary and health							\$18.54	\$ 1.08
Fuel, repairs, utilities, supply, feed processing							75.89	\$ 4.42
Bedding, marketing, miscellaneous							40.18	\$ 2.34
Other							13.05	\$ 0.76
Interest on variable cost	6.3%		5	months		=	15.62	\$ 0.91
Labor	\$15.00	per hou	14.56	hours		=	218.39	\$ 12.72
<b>Total Variable Costs</b>							<b>\$832.88</b>	<b>\$ 48.51</b>
<b>Income over Variable Costs</b>							<b>\$24.66</b>	<b>\$ 1.44</b>
<b>Fixed Costs</b>								
Machinery, facilities							\$50.82	\$ 2.96
Interest on fixed cost							9.96	\$ 0.58
Replacement gilts	\$0.00	/head	0.15	/head		=	0.00	\$ -
Int. ins. on breed herd	10%			8.0 months		=	0.00	\$ -
<b>Total Fixed Costs</b>							<b>\$60.78</b>	<b>\$ 3.54</b>
<b>Total All Costs</b>							<b>\$893.66</b>	<b>\$ 52.05</b>
<b>Income over All Costs</b>							<b>(\$36.12)</b>	<b>\$ (2.10)</b>
Break-even selling price for variable costs							\$48.49	/cwt
Break-even selling price for all costs							\$52.21	/cwt

# Berkshire Swine Production and Marketing



## “Berkshire Niche Market Opportunity Guidelines” (PN03-05B)

Prepared for:  
**Pork Niche Market Working Group**

“Supported by the Value Chain Partnerships for a Sustainable Agriculture (VCP SA) and the Pork Niche Market Working Group (PNMWG) using funds from the W.K. Kellogg Foundation”

Prepared by:

**Larry K. McMullen**  
**Iowa State University**  
**Extension Swine Field Specialist**

**August 2006**

*Disclaimer: While every effort has been made to ensure the accuracy of the information supplied within the Berkshire Swine Production and Marketing report, decision aids, and power point program, the Value Chain Partnerships for a Sustainable Agriculture (VCP SA), the Pork Niche Market Working Group (PNMWG), the W.K. Kellogg Foundation, Iowa State University Extension and/or the author assumes no liability for the accuracy of the information contained within or for the consequences of any actions taken on the basis of the information provided.*

## Niche Pork Production Handbook (Sept. 2007)

### 100 Records

- 110 Record keeping
- 120 Example production records
- 130 Feed Budgets

### 200 Environment

- 210 Environmental Needs of the Pig
- 220 Housing Options
- 230 Bedding Management
- 240 Manure and Mortalities

### 300 Nutrition

- 310 Nutrients for Pigs
- 320 Feedstuffs
- 330 Relative Value of Feedstuffs
- 340 Feed and Growth
- 350 Sow Feeding
- 360 Advanced Sow Nutrition
- 370 Example Pig Diets

### 400 Reproduction and Genetics

- 410 Crossbreeding and Hybrid Vigor
- 420 Replacement Gilts and Sow Longevity
- 430 Estrus
- 440 Mating or Insemination
- 450 Boar Fertility

### 500 Production Flow

- 510 Scheduling Pig Flow
- 520 Target Annual Production

### 600 Pork Quality

- 610 Pork Quality
- 620 Matching Carcass Specifications for Your Market

### 700 Pig Husbandry

- 710 Stockmanship
- 720 Raising Healthy Pigs

### 800 Managing Feed Costs

- 810 Feed Costs
- 820 Improving Feed Conversion
- 830 Reducing the Cost of Pig Diets
- 840 Feed Budgets

### 900 Managing Non-feed Costs

- 910 Non-feed Costs

# Herd Health and Production Cost Management for Niche Pork 2005



IOWA STATE UNIVERSITY  
University Extension

IOWA STATE UNIVERSITY  
COLLEGE OF AGRICULTURE

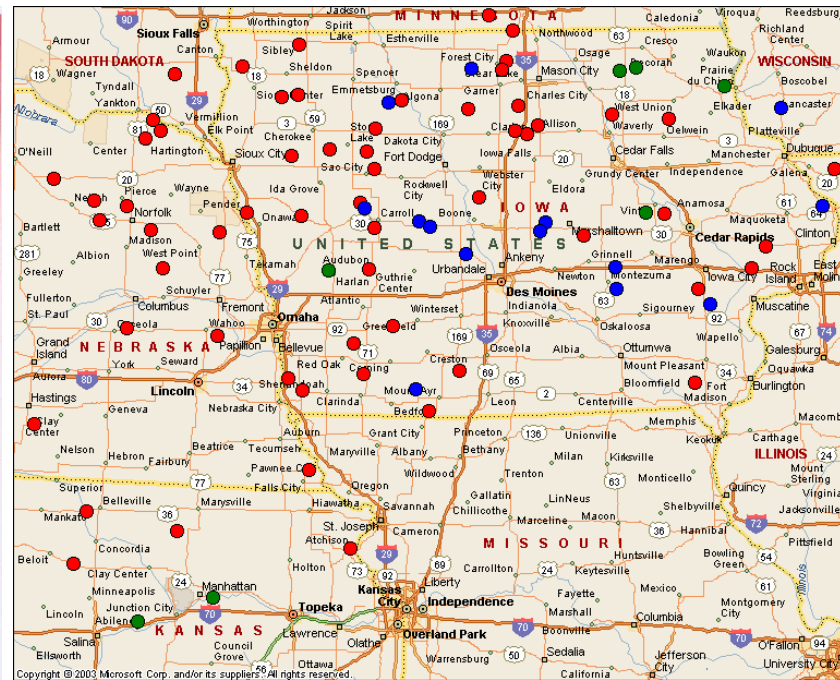


Iowa Farm Business Association



UNIVERSITY OF  
**Nebraska**  
Lincoln

IOWA STATE UNIVERSITY  
College of Veterinary Medicine



**Table 1: Frequency of Respiratory Diseases by Causal Agent**

Agent	ISU VDL data	Niche Pork
<b>PRRSV</b>	<b>35%</b>	<b>7.75%</b>
<b>Swine Influenza Virus (SIV)</b>	<b>19%</b>	<b>10%</b>
<b>Mycoplasma hyopneumoniae</b>	<b>12%</b>	<b>25.5%</b>

# Niche Pork Cost Summary

**Prepared by Dave Stender,  
ISU Swine Field Specialist**

**August 2007 Niche Pork Herd Health and Production  
Cost Management Project Conference Calls**

**Project support comes from the  
National Research Initiative of the  
USDA Cooperative State Research,  
Education and Extension Service (grant  
number 2005-55618-15791).**



## ***“Educating Farmers on Niche Pork Production Topics”***

Teleconference/internet: *in-depth discussion of niche pork records results:*

- Thursday, Dec. 13, 2007 (noon-1:30)
- Thursday, Dec. 20, 2007 (noon-1:30)

Teleconference/internet: *keeping pigs alive to weaning/niche farrowing:*

- Tuesday, Dec. 4, 2007 (noon-1:30)
- Tuesday, Dec. 18, 2007 (noon-1:30)
- Tuesday, Jan. 15, 2008 (noon-1:30)
- Tuesday, Jan. 29, 2008 (noon-1:30)

Teleconference/internet: *reproduction management:*

- Tuesday, Feb. 12, 2008 (noon-1:30)
- Tuesday, Feb. 26, 2008 (noon-1:30)
- Tuesday, March 11, 2008 (noon-1:30)

On-site *managing feed workshops:*

- Wednesday, Dec. 5, 2007 (Central/NE IA)
- Thursday, Dec. 6, 2007 (NW IA)

## ***“Managing for Production and Health: New Resources for Niche Pork Farmers”***

Review and discuss two publications:

1) *Managing for Herd Health in Alternative Swine Systems*

2) *Niche Pork Production Handbook*

PFI Workshop, Friday, Jan. 11, 2008 (12:30-4:30 pm), Airport Holiday Inn, Des Moines

**Sept. 2007 – Aug. 2008 VCPSA funding is around \$47,000 (likely budget is about \$34,000 for coordination and meeting expenses and about \$13,000 for R&D projects)**

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