

BERKSHIRES LIVESTOCK AND POULTRY PRODUCERS SURVEY

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Introduction

The Berkshires region of Massachusetts has a low number of livestock and poultry producers in comparison with other parts of the state; there are only about thirty-five, and a majority of them are small operations. In addition, there are very few processors in or near this region, and they process the bulk of livestock in the Berkshires and surrounding areas, including regions of several states. This survey aims to identify and address issues that arise in the production, processing, and distribution of meat and poultry products in the Berkshires region of Massachusetts. Producers are the focus of this survey, and both in-person and phone interviews were conducted.

The questions asked were modeled on and adapted from the CISA Local Meat Processing Study, which aimed to “explain and provide recommendations to address challenges in commercial meat processing in the Pioneer Valley”¹. Another source considered is the SEMALA 2012 Livestock Survey, which considered the creation of a processing facility to meet the needs of producers in the southeastern Massachusetts region, While SEMALA did conclude that the large number of producers needing more access to processing facilities ensured that the benefits of a facility, this solution is not feasible for the Berkshires region, which has a much lower number of producers and is near enough facilities which provide services for these producers (similarly, the CISA study also ruled out this option). Thus, this study will not be considering another facility as a possible solution, and instead will consider other proposals.

I. Beef/Poultry

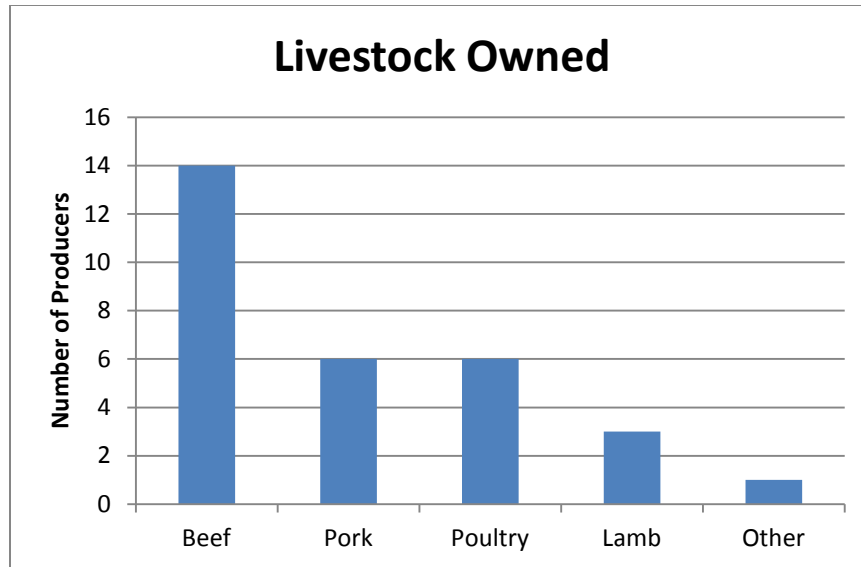


Figure 1

Many of our participants raise grass-fed livestock, supplemented by grain and whey. Most raise and harvest less than one hundred of each, with some raising different kinds of meat/poultry. They may also grow and harvest vegetables, or use their land for other operations such as providing hay or timber. A majority raises the animals either from birth or a very young age, and harvest them once the animals reach a certain age and/or weight; some participants prefer that other farmers finish their livestock. The participants' final products consist of a wide range: whole animals, sides, various cuts, smoked meats, sausages, etc. Their customers are also varied – many individuals, some restaurants or businesses, some wholesale. As we discussed meat production, processing, and distribution with our participants, several main issues arose:

- Slaughter facilities' scheduling and quality
- Consumer preferences and product availability
- Limitations of selling retail and selling bulk
- Product pricing and meeting consumer expectations of it

- Limitations to production/expansion as a result of these factors

A. Processing

Participants who send their livestock to slaughterhouses for processing make use of the few large slaughterhouses in the area, including in New York and Vermont. The most common problems brought up by participants were concerned with slaughter scheduling and quality. The advance scheduling and quantity required by these slaughterhouses can create problems for the producers, who cannot always guarantee a certain number of livestock at a certain date so far into the future. This is less problematic for pork, which slaughterhouses allow for scheduling less in advance – weeks versus the months required for beef. The issue of quality control extends to several services provided by processors, including quality of cuts and packaging – participants mentioned that the end products do not fully reflect the value of their meat as a result.

These problems stem from the fact that these slaughterhouses are generally the only ones available in an area, and thus process the majority of meat from producers in these areas. The many orders for processing must be scheduled in strict advance dates in order to maximize efficiency in processing. The need for quicker processing time can also result in less stellar final products for participants, as the products cannot all be thoroughly examined for the best, ideal quality. Despite the potential for poorer quality final products, participants have expressed satisfaction in the high quality of certain processor selections, and will maintain the relationship with these slaughterhouses as their best available and most convenient option. Interestingly, in order to avoid having to deal with slaughterhouses completely, a number of animals are sent to auction instead.

Some participants would embrace the option for livestock slaughtering on their farms, for utmost convenience, to reduce animals' stress, and ensure quality control. However, the CISA study also considered this possibility in the form of Mobile Processing Units, and concluded that it was not a particularly viable option especially concerning meat processing: the units only slaughter and do not provide the processing services which occurs in meat facilities; MPUS seem to be severely underused; and the financial investment generally requires a real lack in processing options, which is not the case in local meat production.

B. Product and Market

Products offered depends on the availability of services offered by processors, the producers' preferences concerning production and markets, and the demands of the markets they wish to satisfy. The participants provide meat products to individual customers primarily via farm stores, farmers' markets, and CSAs at retail prices; to butchers and meat markets; to restaurants and other businesses (including distributors) at wholesale and/or premium prices. Retail allows the producer to sell at higher prices and to interact more with the individual customers, which are key reasons why some participants prefer retail. However, the main problem with retail lies in customers' preference for certain cuts/products, while other meat products are not as desirable e.g. ground beef and less premium cuts. The producer is then left with products that somehow must be sold, often at a lower-than-retail price, which can incur losses as a result of the costs incurred in producing the item – costs which include necessities in raising the animal, processing fees, and storage. Because of these issues, some participants would rather not sell to individuals. Those successful in selling retail, however, have an established and reliable pool of individual customers.

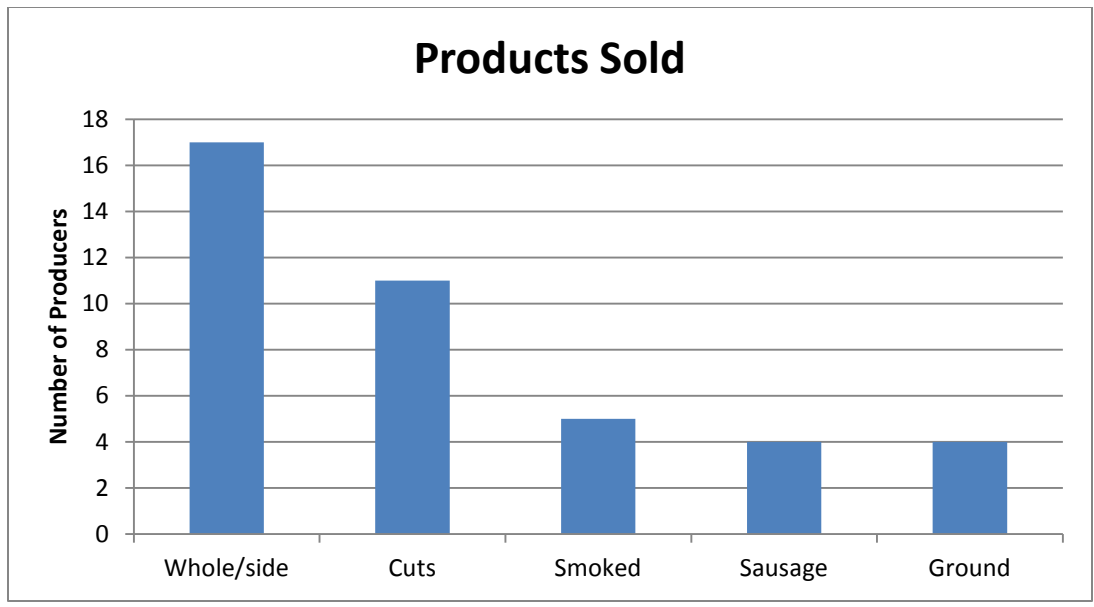


Figure 2

Selling fresh, whole animals/sides generally incur lower costs – processing fees are less, and producers’ long-term storage are not necessary, and there is less “peddling” involved. Individuals and some businesses might be willing to pay premium for quality products, but in general these customers require prices lower than retail, since they are buying ‘bulk’ versus smaller cuts; this is also true of wholesale. But because the costs are also less, producers can be successful in this method of selling. However, these markets can also be more difficult to break into, as there are a limited number of restaurants/businesses who want and are willing to purchase local meat versus cheaper conventional meat; larger distributors may wish to buy local beef, but they will also demand larger quantities, which most small farm operations would not be able to fill. Smaller operations especially can incur losses if selling wholesale, while larger small farm operations can benefit from a ‘lower prices but lower costs’ model.

A number of our participants make use of both models, selling at both retail prices and lower bulk prices to satisfy as many customers in the market as possible and thus maximizing profit margin. While this proves successful, it also requires more effort in promoting products to the wider range of customers, and establishing and maintaining relationships to keep those

customers. For producers who consider their time and labor limited in terms of livestock production, it would be less feasible to satisfy this wider range of customers.

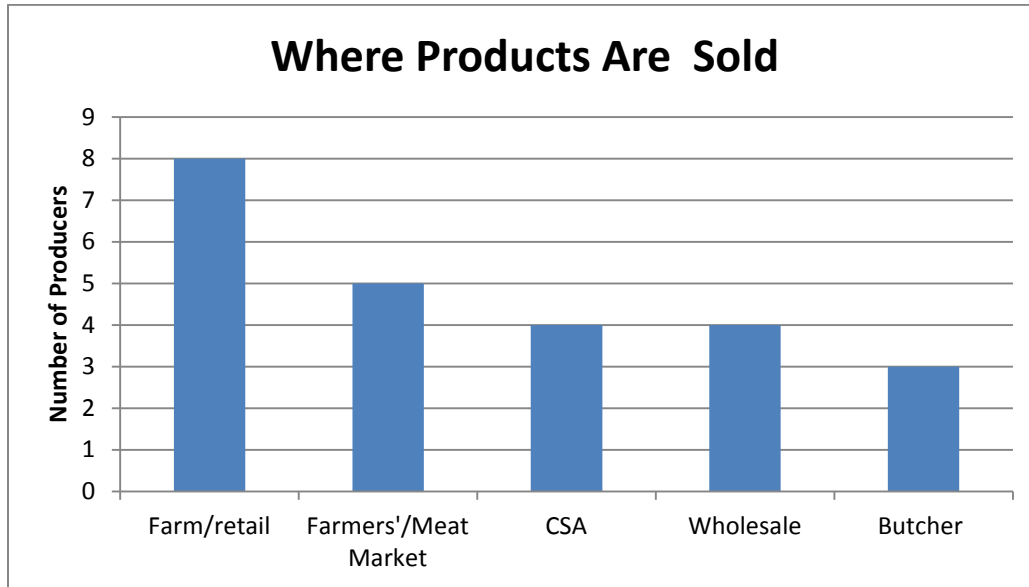


Figure 3

C. Customers

A common problem shared by producers using both models is the demand for local meat products. Whether at retail or bulk prices, local meat products are still more expensive than conventional meat products. Often greater acreage is devoted to a much smaller number of animals compared to the large conventional livestock farms, and the livestock are often pasture-raised and/or grass-fed and/or organic. These efforts made to support sustainability and quality of life/product come with a cost. Efficiency in these practices may allow producers to lower their prices somewhat, but even then local meat product prices will have a high floor price compared to conventional products, which can dip quite low especially in wholesale. Unfortunately, even if potential customers may wish to support local production, many participants believe they either do not understand the reasons for higher pricing, and/or are simply unwilling or unable to pay such prices. While certain markets may have high demand and willingness to pay, these

customers may only prefer certain products (as mentioned previously), and the producers cannot increase production in order to meet either the demand quantities or demand preferences.

D. Production and Expansion

When asked about the possibility of increasing production and capability to do so, in order to meet market demands for local meat products, participants expressed concern about a number of limitations: land size, time and labor constraints, and supply/demand imbalance. The participants expressed interest and revealed plans of increasing livestock production with an expansion of acreage; those who could not or would not expand acreage, if interested in increasing production, were limited by it and/or other factors. The increased number of livestock would demand greater time and labor involved in the raising and harvesting. For those whose operations have a range of products, more time with one product means less time devoted to the other products. Since the participants all have smaller operations, the operations are also run by less people, often by just the owner and/or his family; the more labor required would strain further those who work on the farm, especially if there difficulties in acquiring qualified long-term help.

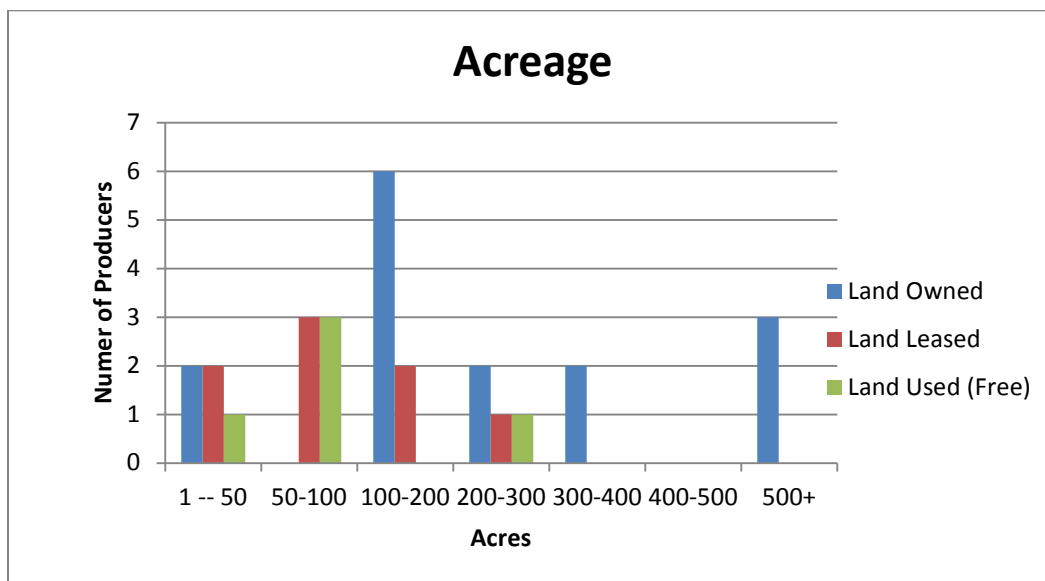


Figure 4

Another deterrent to production increase is the unreliable supply/demand relationship, as discussed previously. The participants supply does not always match either the type or quantity of demand within the market they operate, often resulting in leftover product they struggle to sell. Those who have successfully broken into a market that allows them profit would benefit from increased production, but those who have yet to do so will likely worsen the problem. Increased production must result in considerable profit increase in order to justify the greater investment of time, labor, and finances. However, many of the operations already lose money or just break even; an increase in number of livestock is very likely to incur a significant loss before the increased numbers earn enough profit to offset the costs, and many of the small farms would find trouble if the risk is taken. This is especially visible in our data collected from beef producers, who must invest into creating, growing, and maintaining a herd for long periods of time. This is less of a problem with pigs, as they can have a quicker turnover rate, being sold within a few months; along with their smaller sizes, they require less space, room, and overall monetary investment. Profit and success in local meat product is possible, evidenced by some participants, with a large enough operation and reliable customer pool.

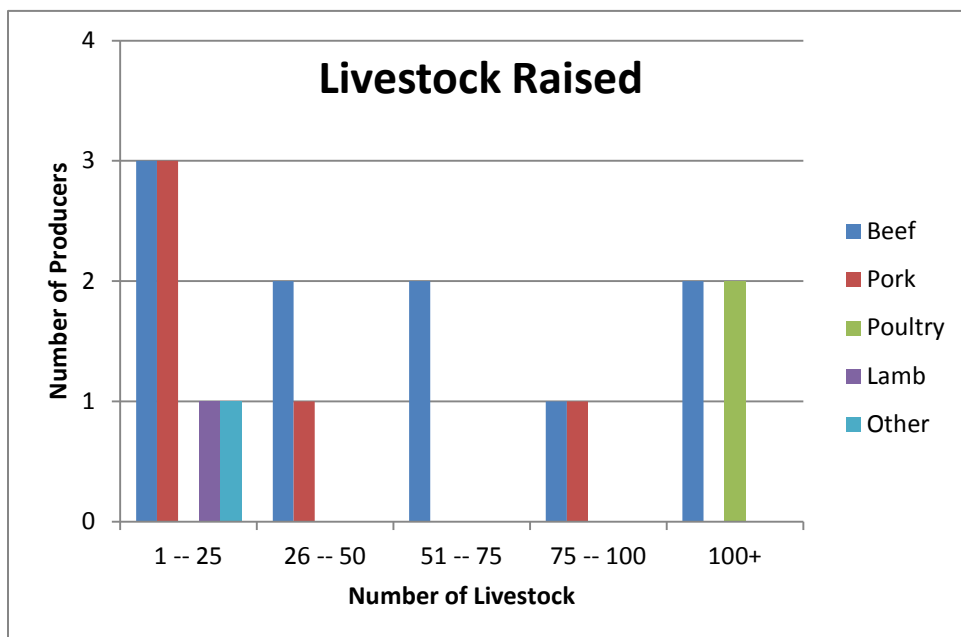


Figure 5

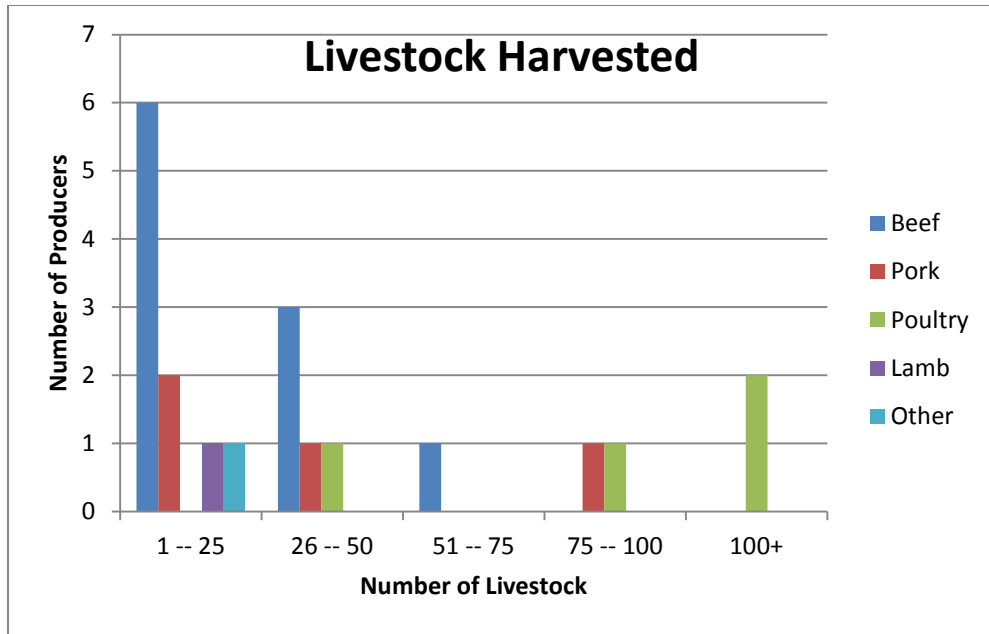


Figure 6

Participants also discussed benefits from raising livestock that were not monetary; several mentioned the effects of the farm and its animals on family life, and how the animals themselves contribute to the farms in providing fertilizer and keeping areas clean. Such benefits reflect local producers’ intentions behind raising meat, contributing positively to the environment, animal welfare, and food standards. Participants expressed concerns about people not quite understanding local farms’ aims for sustainability and healthy living, and not being aware of the costs to achieve such goals, which in turn lead them to balk at higher product prices.

II. Poultry

While much of the discussion involving local meat production can also apply to local poultry production, one specific issue and solution related to poultry needs to be addressed. A few of our participants raise poultry at 1200-1500 per year, generally pastured-raised and grain-fed. The poultry demand less from the producers in terms of labor and money invested (in comparison to beef and pork), contribute to the overall farm condition (e.g. fertilizing the soil), and do turn a profit for the producers. The participants expressed interest in expansion, and

generally have the capability to expand, but their production is limited by state regulations concerning aspects of processing. The poultry is sold mainly whole at retail prices and directly to individuals, also a result of state regulations; however, the participants were not particularly concerned about the diminishing of profits/incurring more costs related to selling only whole poultry.

The slaughterhouse is one processing method used for poultry, but there are no slaughterhouses in the area that do solely poultry; instead, the slaughterhouse primarily processes meat, and processes poultry on limited days of the week. There were no issues brought up about the quality of services rendered concerning poultry, merely about the availability of processing. Indeed, this led to our participants using an alternative method – that is, self-processing on their own farms. The producers expressed interest in producing greater numbers of poultry, and have the capability to do so; however because the poultry is self-processed, regulations do cap the number of birds sold both in non-certified self-processing and certified self-processing.

One of the possible solutions to these problems is the proposed use of a USDA- or state-inspected Mobile Processing Unit, which already exists in Massachusetts' Pioneer Valley and in Martha's Vineyard. The self-processing regulation caps would no longer apply for the producers, and the units benefit the animals stress-wise, as they would not be subject to any travel. Unfortunately, it is unlikely that a Mobile Processing Unit would be viable in the Berkshires region. The building and operation of a unit requires a lengthy process and financial investment, and although a project like this could receive funding from parties interested in supporting local production, the very low number of poultry producers in the area to benefit from this project would prove a detriment to acquiring such funding. While the availability of a unit might encourage other producers to begin poultry production, if the levels of interest in and capability

of production expansion expressed by other participants are considered, it is unlikely that enough producers would begin in order to validate both the labor and financial costs of building and operating the unit.

A more viable option would be to facilitate the USDA slaughter licensing of producers already self-processing birds, to create an on-farm slaughtering facility. Berkshire Grown can work with the producers' association to provide resources and aid in the process of acquiring state licensing, hopefully speeding up the process. Once a producer acquires USDA licensing, they will also be able to provide slaughtering services for other poultry producers, and they can also receive aid in setting up packaging services as well (which, fortunately, do not require the more complex facilities as meat does). Other producers, in sending their product to a nearby on-farm slaughtering service, then can receive USDA-certified product without having to sacrifice as much in scheduling, travel, and convenience in going to a primarily meat processor. They will be able to label their product as USDA approved, have more options in the marketing and distribution of their poultry, and thus have a wider range of customers—instead of individual retail, the producer will also be able to do wholesale, be distributed in stores, and sell to businesses like restaurants.

III. Conclusions

Within the north & central area of Berkshire County, there was less livestock production than expected, and there appears to be a distinct gulf between producer capacity and consumer demand. Some producers wish to expand their capacity in order to bridge that gap, but difficulties breaking into the market and satisfying consumers, and pricing and costs inhibit them. In particular, beef was less profitable than we had hoped to find, and it seems unlikely that interest in beef production or production itself will increase, or prove any more profitable

considering its high costs. On the other hand, producers raising pork and poultry had more positive outcomes; while there were few out of our participants raising either, they were successful. It seems that of the more commercial livestock, pork and poultry have the most potential for producers, in terms of costs and rewards.

IV. Course of Action

In considering the issues brought to light by these discussions, we'd like to consider the following possible courses to address such problems:

- The formation of a producers' association providing support for individual producers
- Aggregation of products from several producers to be processed and/or finished by an individual
- Set up or use of local butcher shop to avoid issues involving slaughterhouses
- Diversification of products to create a "safety net" and increase the likelihood of success for producers
- Direct relationship model with restaurants, institutions, and businesses
- Demand survey for the Berkshires region to provide information concerning market/consumer interest in local meat
- Informational campaign to inform the public about local meat production and its benefits

A. This survey's main purpose was to determine whether creating a producers' association for the Berkshires region would be a viable and helpful path in providing support for producers.

As evidenced by the results of the survey, producers would gain much from such collaboration. In learning about others' comparative problems, producers can help one another consider solutions to them. The association itself could also provide useful services to the producers, such as scheduling slaughterhouse dates and transporting product. Our participants expressed interest in the forming of this association; however, while its initiation might be met with a positive reactions and enthusiasm for its possibilities, the long-term continuation of this program is unlikely to succeed. The low number of producers in the region and their relatively small operations would not be able to provide the funding necessary to properly run the association.

- B. To address the issues concerning processing quantities, producers could aggregate product to be sent to a slaughterhouse. Several producers interviewed already participate in a similar agreement—those nearby each other send their product in the same transport and time schedule. This seems to be an efficient way to cut transportation costs and inconvenience. Producers could also consider aggregating livestock to be finished at a single farm capable of providing for that number of animals. This approach is one used by a participant who gives livestock near preferred age/weight to another farmer to finish, process, and sell; the farmer giving livestock benefits without having to incur costs related to processing and marketing efforts, while the receiving farmer benefits without incurring costs related to raising the livestock until they reach preferred age/weight. Aggregating product may also lead to the possibility of selling to larger businesses that demand larger quantities e.g. institutions and distributors. In aggregating livestock, however, there would be a loss of “uniqueness” in the products; that is, significance of methods of raising livestock used by an individual producer

would no longer be distinguished. Because of this, producers likely would be reluctant to aggregate their own product to be mixed with others.

- C. There is also the possibility for the setting up of a local butcher shop for the small farm livestock producers in the region, or the use of a local butcher shop currently running—the Red Apple Butchers, which would provide an ideal model if another is funded and created. With the set up for another butcher shop, there needs to be an established customer base of producers who would use their services and individuals and/or businesses that would purchase from the butcher shop at its prices, especially since the funding for the set up of a set shop would incur costs for the lease, equipment, storage & refrigeration, labor, etc. A local butcher shop would be able to preserve more of the products' quality and value, and producers would not have to be as concerned with scheduling and quantity issues presented by slaughterhouses. If producers choose to leave the selling up to the shop, this would eliminate the problems for producers that arise from meeting consumer preferences and market demand. The presence of the butcher shop might also peak more interest in livestock production for farmers or others who have yet to consider it or considered it previously; it might increase current producers' willingness to expand production as well.
- D. The most successful producers, as seen from the interviews, are those who diversify their products – either raising several kinds of livestock/poultry, and/or growing plant products along with raising livestock. One of the producers interviewed raises cattle, pigs, and chickens. Another provides for a produce CSA and raises poultry as well, while another's operation includes crops and cattle. This diversification enables the producers to have a greater selection which can satisfy the varied demands of the market and consumers when sold to individuals and businesses. At the same time, they also have a better “safety net” in a

sense; if one product is not doing well for a season, the other(s) still can—they do not have to be wholly dependent on one kind of livestock. Of course, this diversification requires more logistics in determining the ideal number of each kind of livestock; land, equipment, and feed required for each kind; time and labor required; etc. However, evidenced by other producers who also have such operations, such investment results in greater success for these farms.

E. As mentioned in a previous section, several farmers also sell directly to local institutions and businesses like restaurants, in addition to selling to individuals. This model seems to be ideal for maximizing product sold at the best price for the producer. Businesses such as restaurants would have a reliable demand; they are also willing to pay higher prices for premium quality product. While these prices might not be as high as retail, restaurants buy whole/side product, which would cut down on processing costs for the producer, and avoid the issue of leftover cuts in retail. Producers also have the option of selling these often leftover cuts to businesses/institutions which have use of it, as well as other cuts and whole/side products. In Vermont, major food distributor Sodexo has been working to provide more local food to the schools it services in VT, connecting with local producers in the state. If a similar plan is pursued in Massachusetts and/or the Berkshires region, while addressing the issues that arise (such as multiple-vendor transportation) this would certainly provide local producers with a stable market/consumer base.

F. Another thing that producers might benefit greatly from is a demand survey of the Berkshires region, which would help gauge potential customers' interest in local meat. This survey could address what type of meat they would prefer (e.g. grass-fed/organic/etc); what kind of products customers would buy (e.g. whole, sides, different cuts), how they would buy (CSA, butcher shop, farm store, wholesale, etc.), how much they would buy, and how often they

would buy; the range of prices they would be willing to pay for local meat and poultry products; if they would prefer delivery or be willing to pick up the product; and other demand concerns. This would especially be helpful if directed at institutions and businesses like restaurants, to determine how best to approach that market. If a large number of potential customers participate in this survey, it would result in very comprehensive data which producers can then use to make informed decisions about their production, product, and market.

- E. Finally, to address the lack of knowledge about local production methods, costs, and benefits, consumers must receive more information about these subjects, so that they may understand and be more involved in supporting local meat production. Brochures, articles about specific aspects of local meat production, documentaries, meetings and web pages, greater social media presence, and other methods of information distribution can be used to spread awareness for local meat production. A particular emphasis on the methods and costs of local production and its relation to the pricing of product would be very helpful for consumers. As Berkshire Grown already has an established foothold in the sphere of local production and community involvement, its launching of such a campaign would have a considerable audience and still have outlets to reach more people.