

CONSUMER DEMAND FOR GOAT MEAT

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PREFACE

Much of this information is drawn from an earlier study (Pinkerton et al, 1993) and from a very recent assessment of Florida goat sales and utilization of products by the authors. We initially contacted goat industry personnel already known to us and thereafter contacted persons and firms identified by the original informants as being market players of various magnitude. We then interviewed on site those who agreed to share information concerning industry production, processing and marketing practices. We also gathered assorted statistical data from state agencies, the U.S. Departments of Agriculture and Commerce, Canadian government entities, and from certain public livestock auctions.

Frequently, interviewees provided additional investigative leads while they were imparting historical and current knowledge of the goat trade across time and place. As expected, interviewees varied widely in willingness to share operational aspects of their firms. Many held quite divergent attitudes toward

their suppliers and customers. Moreover, some interviewees spoke only guardedly while others spoke rather freely about their competitors. Considerable variation in assessments of future industry developments and prospects was also encountered. As always in such situations, we were obliged to make value judgements on the validity of the respondents replies and observations and, subsequently, to search for affirmations and contradictions among the aggregate findings.

Goat Demand

Overview:

The economic concept of demand holds just as it does with supply; that is, demand represents a schedule of amounts and prices over time, and the sensitivity between price and quantity can be expressed in terms of elasticity. Demand is thus a reflection of the "consumption personality" of the industry.

There are indications that consumption has moved up substantially since the mid-1980s at more or less stable prices. Figure 4 shows that total goats slaughtered at federally inspected plants has more than doubled since 1980 from a base of less than 100,000 head. This apparently reflects the continuing satiation of demand, a phenomenon strengthened by significant levels of immigration. With supply and demand both shifting upward, indications of a growing industry are in place. Figure 4 also reveals the number of goat slaughter plants in operation has declined by more than half since 1984, probably reflecting development of a more mature, solidified industry.

The major demand for goat meat comes from myriad ethnic groups; the predominately white, middleclass population consumes relatively little goat meat. Ethnic and religious identity is often a significant component of a consumer's self-concept. Ethnic persons may expend great effort to keep their identification from being merged into the dominant society. Both food preference and religious affiliation show evidence of this determination (Solomon, 1992). Thus, the consumption of goat meat is interwoven into the fabric of tradition and religious observation; e.g., the quantity taken and the prices of goat meat rises dramatically each year at Christmas, Easter and Ramadan.

Because of this persistence in maintaining ethnic practices, whether related to habit, tradition, or religious beliefs, the demand for goat meat is thought to be relatively inelastic. This means that the demand for a certain volume of goat meat will hold in the face of strengthening prices. It also means that a decrease in price will not do much to create additional goat meat sales. Further increases in demand will come with increases in ethnic populations and improvements in their purchasing power. However, one caveat should be noted. Ethnic income, on a per capita basis, largely comes from employment in the blue collar and service industries, and is, therefore, more subject to economic aberration than salaried employment. The current economic recession has had an impact on goat meat consumption, particularly in and around New York City. This impact has come in terms of prices; processors are willing to pay for quantity and quality taken. Prospects for an increase in general demand for goat meat appear to be good, partially because immigration, which averaged 61,150 persons per

month in the last decade will likely continue at an unabated pace and many will be goat consumers, Figure 5. Also, the economic status of many recent immigrants continues to improve. Contrarily, acceptance of goat meat as standard fare will likely increase slowly among consumers with traditional allegiance to beef and pork.

Additional sources of demand are coming from the "health food" sector and from the yuppie community now beginning to consume goat meat as a gourmet item. To date, these are relatively minor forces, but this niche market seems open to development. Goat meat is a relatively "high ticket" item. While this may seem incongruous with low income economic consumption, it is not, for at least three reasons: 1) ethnic households have a higher proportion of wage earners than households of other consuming groups, 2) immigrants are accustomed to paying more of their discretionary income for food, and 3) goat meat is regularly featured as holiday fare, particularly at religious celebrations, and cost is of less concern.

Population demographics:

Early on, the majority of American immigrants came from Europe, but immigration patterns changed dramatically after World War II (Soloman, 1992). Recent arrivals are more likely to be Asian or Hispanic. For example, in Detroit, the largest share of recent immigrants comes from India.

Hispanic populations are highly concentrated. Over 50 percent of the total live in only six cities: Los Angeles, New York, Miami, San Antonio, San Francisco, and Chicago (LaFranchi, 1988).

As might be expected, the makeup of foreign born in the various metropolitan areas differs in rather extreme degree. While foreign born residents in Houston and Los Angeles come mostly from Central and South America, persons with European ancestry comprise the largest group in New York City. In Miami, most foreign born immigrated from the West Indies. Figure 1 pictures the separation of ethnic cultures for the four cities just described.

Ethnic restaurants are a fast-growing segment of the food industry. In a recent study (Zelinsky, 1987), restaurant patronage in the U.S. increased by only 10% in a four-year period, but rates increased by 43% for Mexican eating establishments and 54% for Asian restaurants. Chinese is the most frequently served cuisine, followed closely by Mexican and Italian. These three groups account for more than 70% of the total, and goat meat consumption is common to all three cultures.

Many Latins, and some Orientals, are illegal immigrants, a group understandably difficult to count. It is estimated that anywhere from 1.8 to 5.4 million persons enter this country illegally each year; again, their preference for goat meat is well known.

Religion per se has not been studied extensively in marketing, possibly because it is seen as a "taboo" subject. However, the evidence that has been accumulated indicates that religious affiliation has the potential to be a valuable predictor of consumer marketing behavior (Hirschman, 1983). The teachings of Mohammed, identified with several religious groups collectively known as followers of Islam, appear

mysterious to most Americans. A goat is often slaughtered for special occasions, holidays, or celebrations. In the Mohammedan calendar, there are two important feasts, the "small Eid," celebrated at the end of the fasting months of Ramadan, and "the great feast of Eid." Muslims in a financial position to do so are urged to slaughter a sheep or goat for these feasts (Ecker, 1981). There are said to be some 14 million Muslims now in the U.S., almost all in the urban centers.

Consumer preference:

Hispanics spend 15 percent to 20 percent more of their disposable income on food than the national average. Goat meat is frequently holiday fare in most Hispanic homes. Family activities are important and spending time en familia influences the structure of many consumption activities. Mexican-Americans prefer to serve "cabrito," preferring young high quality, milk fed kids (live weight 15-25 lb) for this purpose.

Chinese and Koreans prefer young goats of good quality, but in the 60-70 lb liveweight range. They typically consume goat meat only during the cool weather months.

Jewish ethnicity exerts an exceptionally strong influence on consumers, since it incorporates both cultural and religious dimensions. Jewish celebrations of their New Year and Passover are similar to Greek and Italian observations of Christmas and Easter. Preferences among the three groups are for high quality kids weighing from 20 to 40 pounds live. To satisfy an increase in demand for kosher food, each year about 500 new kosher products appear on the market. This trend is driven by 1) increased religious observance by young Jews, and 2) the belief among many gentiles that kosher food is of higher quality.

Certain people, predominately of the Moslem faith, but also groups of African descent from the West Indies, prefer older goats of lesser quality, and many times want intact males. Many wish to perform the slaughter function themselves; strongly felt religious significance is a part of this observance. Near the major cities of the northeast and southeast, rather extensive facilities exist on nearby farms to accommodate their particular wishes.

CONCLUSIONS

1. Currently, goat supply is not in close accord with consumer demand across time; accordingly, there are wide fluctuations in prices paid to producers and paid by consumers; these tend to discourage improvements in production and to slow increases in demand.
2. The geographic disparity between areas of goat production and areas of goat processing and consumption adds substantially to marketing costs; more slaughtering in or near present and future production areas could reduce consumer costs and increase demand.

3. The southeastern area of the U.S. has appreciable, but as yet largely unrecognized, comparative advantages in goat production capability and in proximity to east coast ethnic markets relative to the traditional southwestern area; these advantages, if properly exploited, could alter the industry markedly over time.
4. University research and extension programs in production, processing and marketing of goat meat are scarce and should be initiated and sustained to assist in rapid, orderly industry development.
5. Mass marketing to ethnic sub-culture consumer began receiving enormous play, principally in marketing journals and trade magazines only recently; consumption of goat meat will likely be favorably affected by these investigations and exhortations.

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