



The University of Georgia

Center for Agribusiness and Economic Development

College of Agricultural and Environmental Sciences

Cattle Producer Interest on Growing Grass Fed Beef Study

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Introduction

The Center for Agribusiness and Economic Development was contracted to conduct an interest survey among cattle producers residing within a 100 mile radius of Carrollton, Georgia which includes parts of Alabama. The purpose of the study was to gauge the interest of cattle producers in forming a cooperative to produce, process, and market grass-fed beef products. In addition to determining producer interest, the survey was used to collect information on the number of cattle that might be committed by these producers to the cooperative for processing and marketing and any premium that they might require to produce cattle in this manner. The numbers to be committed are important due to the need for the cooperative to know what size of slaughter facility would have to be constructed or purchased. In addition, having a consistent supply of beef would increase the cooperative's efficiency and keep their costs low.

Current Cattle Statistics and Types of Operations

Information was collected on the number and types of cattle operations in the defined geographic area through the use of a phone survey. Each respondent was first asked if they had cattle on their property in July of 2005 with the logic being that only current cattle producers were most likely to be interested in the production of grass-fed cattle. Of the 150 respondents, 97% indicated they had cattle on their farm in July of 2004.

Given that the identified cattle producers were in operation in 2004, it was important to determine what types of cattle operations they were running. The vast majority of cattle producers were involved in cow-calf operations. There were very few back-grounding operations (5%) and finishing operations (1%), as can be seen in Table 1.

| | Number | Percentage |
|--------------------------------|---------------|-------------------|
| Q2. Cattle On Property July 04 | 136 | 96.50% |
| Q1.1 Cow-Calf Operation | 129 | 87.50% |
| Q1.2 Back-grounding | 8 | 5.40% |
| Q1.3 Finishing | 2 | 1.40% |

Cattle Breakdown by Category

The respondents were then asked to provide a breakdown of the cattle that they had on their farm in July of 2004. Those respondents were then given five categories and asked to provide an estimate of how many cattle they had in each category. The categories were:

1. Brood Cows, including heifers that had calves.
2. Heifer, steer, and bull calves weighing less than 500 pounds, including newborn calves.
3. Bulls weighing 500 pounds or more.

4. Heifers that had not calved, weighing 500 pounds or more?
 - i. For beef cow replacement?
 - ii. For milk cow replacement?
 - iii. Other heifers 500 pounds or more?
5. Steers weighing 500 pounds or more

It appears that the majority of the respondents have bulls weighing over 500 pounds and heifers for beef cow replacements. This is consistent with the earlier finding that the majority of respondents operated cow-calf operations. About a quarter of the respondents indicated that they had steers weighing over 500 pounds in their operation. The results can be found in Table 2.

| Cattle Numbers | Bulls > 500 lbs | Heifers for beef cow replacement | Heifers for milk cow replacement | Other heifers > 500 lbs | Steers > 500 lbs | Cows shipped to slaughter | Other heifers > 500 lbs |
|----------------|-----------------|----------------------------------|----------------------------------|-------------------------|------------------|---------------------------|-------------------------|
| | n=131 | n=93 | n=103 | n=131 | n=128 | n=130 | n=133 |
| | % | % | % | % | % | % | % |
| None (0) | 18% | 0% | 80% | 74% | 61% | 84% | 53% |
| 1-15 | 65% | 61% | 13% | 12% | 23% | 8% | 11% |
| 16 - 25 | 6% | 15% | 3% | 4% | 4% | 2% | 3% |
| 26 - 35 | 1% | 5% | 2% | 2% | 3% | 2% | 4% |
| 36 - 45 | 2% | 9% | 0% | 2% | 1% | 0% | 5% |
| 46 - 55 | 0% | 5% | 0% | 0% | 0% | 1% | 2% |
| 56 - 65 | 2% | 0% | 1% | 2% | 2% | 1% | 6% |
| 66-75 | 0% | 0% | 0% | 1% | 0% | 0% | 2% |
| 76-85 | 2% | 2% | 0% | 0% | 1% | 0% | 2% |
| 86-100 | 2% | 0% | 0% | 2% | 0% | 0% | 1% |
| 101-125 | 1% | 0% | 0% | 1% | 0% | 0% | 2% |
| 126-150 | 2% | 0% | 0% | 1% | 2% | 1% | 4% |
| 150+ | 2% | 2% | 1% | 1% | 3% | 2% | 5% |
| Mean | 18 | 18 | 8 | 12 | 28 | 17 | 42 |
| Median | 3 | 6 | 0 | 0 | 0 | 0 | 0 |

The results in Table 2 are consistent with the small herd sizes found in Georgia and Alabama.

Calves Shipped Directly to Slaughter

The majority of the respondents do not ship cattle directly from their farms to slaughter as revealed in Table 3. On average, 17 cattle are shipped directly from the farm to slaughter but this figure is skewed toward the large producer. The median of zero cattle shipped directly for slaughter is more representative of the respondents.

| Table 3. Calves Shipped Directly from Operation to Slaughter | |
|---|--------------|
| Calves | n=133 |
| | % |
| None (0) | 82% |
| 1-15 | 8% |
| 16 - 25 | 2% |
| 26 - 35 | 2% |
| 36 - 45 | 1% |
| 46 - 55 | 1% |
| 56 - 65 | 2% |
| 66-75 | 0% |
| 76-85 | 0% |
| 86-100 | 0% |
| 101-125 | 0% |
| 126-150 | 1% |
| 150+ | 2% |
| Mean | 17.41 |
| Median | 0 |

Cattle Finished on Grass

The study also wanted to determine if any producers were currently finishing cattle on grass. On average, the respondents indicated they were finishing 42 cows on grass. However, this number is weighted toward large producers and the median appears to represent under the number of cattle being finished on grass. There are a number of cattle producers in the market area finishing cattle on grass indicated by the fact that 46% of the respondents reported finishing one or more cows on grass.

| Table 4. Number of Cattle being Fattened (finished) on Grass | |
|---|--------------|
| Cattle | n=132 |
| | % |
| None (0) | 54% |
| 1-15 | 11% |
| 16 - 25 | 1% |
| 26 - 35 | 4% |
| 36 - 45 | 5% |
| 46 - 55 | 2% |
| 56 - 65 | 6% |
| 66-75 | 2% |
| 76-85 | 2% |
| 86-100 | 1% |
| 101-125 | 2% |
| 126-150 | 4% |
| 150+ | 5% |
| Mean | 42.37 |
| Median | 0 |

Willingness to Produce Grass Fed Beef at a Premium

The respondents were asked if they would be willing to producers that were willing to produce grass fed beef for a price premium given that it would take 20 months from birth to fatten a calf on grass. Thirty-two percent of the respondents indicated that they would not produce grass fed beef for any of the per pound premiums found in Table 5 . However, there are a significant number of producers that are willing to produce grass fed beef for the right price.

Over one-third of the respondents would be willing to produce grass fed beef for a \$0.20 per pound or less price premium. Another third of the producers would need a premium between \$0.30 and \$0.50 per pound to produce grass fed beef.

On average, grass fed beef would have to command a price premium of about \$0.38 per pound to attract potential producers. The median value is very similar, \$0.40 per pound. This is a significant price premium but one that is needed to entice potential cooperative members and secure cattle for the facility.

| Premium per Pound | Percent (n=100) |
|--------------------------|----------------------------|
| \$.00 | 14% |
| \$.10 | 10% |
| \$.20 | 14% |
| \$.30 | 11% |
| \$.40 | 11% |
| \$.50 | 7% |
| \$.60 | 1% |
| None of the above | 32% |
| Mean (per pound) | \$0.38 |
| Median (per pound) | \$0.40 |

Interest in Cooperative

The respondents were then asked if they were able to receive a premium comparable to what they mentioned earlier in the survey, would they be interested in joining a cooperative of farmers whose sole purpose is the producing, harvesting and marketing of grass fed beef. Approximately half of the respondents indicated they would be willing to produce grass fed beef for some premium level. Of the 64 respondents that would produce grass fed beef, 80 percent or 48 producers would be willing to join the proposed cooperative. This is very encouraging and shows support for the proposed grass fed beef cattle cooperative.

| Interested | Percent n=64 |
|-------------------|-------------------------|
| Yes | 80% or 48 producers |
| No | 20% or 16 producers |

Cattle Commitment

More importantly, it is critical to estimate the number of cattle that might be committed to the cooperative. The inability to secure a sufficient supply of grass feed beef would hinder the proposed cooperative ineffective and render the proposed slaughter facility economically infeasible.

To address the issue of supply, those respondents that were interested in joining the cooperative were asked how many cattlemen would they be willing to supply to the proposed cooperative. On average, the respondents are willing to supply 74 head per operation to the cooperative. This number is skewed toward the large producers and the median figure of 50 is a better indication of intent.

| Number | % |
|--------|-----|
| 1 | 2% |
| 15 | 2% |
| 16 | 2% |
| 20 | 7% |
| 22 | 2% |
| 25 | 5% |
| 30 | 5% |
| 35 | 5% |
| 40 | 7% |
| 45 | 2% |
| 50 | 17% |
| 60 | 12% |
| 100 | 14% |
| 120 | 2% |
| 125 | 2% |
| 150 | 5% |
| 200 | 2% |
| 321 | 2% |
| 400 | 2% |
| Mean | 74 |
| Median | 50 |

Willingness to Adopt Natural/Organic Production Techniques

Of those respondents that were willing to join the cooperative and contribute cattle, 74 percent indicated they would be willing to adopt only natural or organic production technologies and a certain breed or cross-breed in order to participate in the cooperative (Table 9). These results are very encouraging and suggest that the producers are willing to try new techniques to increase the value of their livestock.

| Table 8. Willingness to use Natural/Organic Production Techniques | |
|--|-----------------|
| | Percent n=46 |
| Yes | 74% |
| No | 26% |

Other Meat Animal Production

The respondents were then asked if they produced any other meat animal species that could be custom harvested and processed. Nearly all of the respondents (94 percent) indicated that they either did not produce or were not interested in having other meat animals processed through the cooperative.

Appendix A. Contact information for potential members.

| |
|---|
| MR. CLABORNE 1516 HWY 85 CONNECTOR, BROOKS GA 30205 770-719-8568; CLABORNEG@BELLSOUTH.NET |
| WILLIAM MARTIN 444 REDWOOD DRIVE, MONTEVALLO AL 35115 205-665-1213; N/A |
| JAMES ATKINSON 1715 GEORGIA HWY 51 NORTH HOMER, GA 30547 706-677-2484 |
| LARRY HEADRICK 3774 COUNTY ROAD 124; 256-228-6644 |
| WANDA TIBBS 5455 REDCLAY ROAD COHUTTA GA 30710 COWGAL@ALLTELL.NET; 706-694-8018 |
| EARNESTINE JOHNSON 21606 HWY 216 MCCOLLOUGH AL 35115 205-477-6728 |

| |
|--|
| <p>DWAIN RUSH 144 TALLADEGA ST. LINEVILLE, AL 32266 256-396-2200; PLS CB ON THURS/FRIDAY AND TALK TO MR. RUSH ABOUT THE PRICE PER PREMIUM. WOULD LIKE MORE INFORMATION.</p> |
| <p>PATRICIA HENSON 1159 WRINKLES ROAD GRANT, AL 35747; 256-728-4869</p> |
| <p>NAME: GARY MITCHELL 2448 COUNTY ROAD 1435 VINEMONT, AL 35179 256-734-6047 DOESN'T GIVE OUT E- MAIL.</p> |
| <p>JAMES K. REESE 575 WALL ROAD 30666 770-725-9330</p> |
| <p>NAME: MARTIN ANDERSON 85 BAKERS CHAPEL ROAD GUNTERSVILLE, AL 35976 #: 256-582-5828 JMARAND1@AOL.COM</p> |
| <p>CHAREEN PARKS WHITE 24 BRAHMAN DRIVE MURRAYVILLE, GA 30564 706-864-6966 POVERTYACRES@ALLTEL.NET</p> |
| <p>DAVID ANDERSON 831 WORD MOUNTAIN ROAD GRANT, AL 256-582-4366 DAVEA63@BELLSOUTH.NET</p> |
| <p>CHRIS THRONE 6620 WHITESVILLE ROAD WEST POINT, GA 31833 706-882-0918 DOESN'T HAVE E-MAIL.</p> |
| <p>RICK ANDERSON 27 ANDERSON LANE GRANT, AL 35747 256-728-4003</p> |
| <p>WILLIAM E HELTON 3733 COUNTY ROAD 1212 VINEMONT, AL 35179 256-734-5819 WILLIAMEH@MINDSPRING.COM</p> |
| <p>RICHARD BEARD JR 7343 PINE WOOD DRIVE TRUSSVILLE, AL 35173-2829 205-655-7682 I DON'T HAVE E-MAIL ADD.</p> |

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| <p>HARRY NOBLE 2299 CROSSKEYS ROAD SHORTER, AL 36075 334-727-4344 I DON'T WANT TO GIVE OUT MY E-MAIL.</p> |
| <p>NOLAN WATSON 1850 BARROWS GROVE ROAD BUCKHEAD, GA 30625 706-342-8167 706-474-0808 NO EMAIL</p> |
| <p>JIMMY JEANS 2047 HWY 18 EAST MACON, GA 31217 478-986-3426</p> |
| <p>B LLOYD HANSFORD 1550 WIRE BRIDGE ROAD WATKINSVILLE, GA 30677 706-769-7278 I DON'T HAVE AN E-MAIL ADDRESS.</p> |
| <p>ROBERT HAMILTON 2451 COUNTY ROAD 389 CUSSETA, AL 36852 334-745-6902 I DON'T HAVE AN E-MAIL ADDRESS.</p> |
| <p>ROBERT NASH 706-647-3171 5416 BARNESVILLE HWY ZTHEROCK, 30285</p> |
| <p>GERRY WEAVER 6358 FMT. SOUTHEAST CALHOUN, GA 30701 706-629-9925 I DON'T HAVE ONE.</p> |
| <p>MICHAEL DICK 77406 HIGHWAY 9 ASHLAND, AL 36251 256-354-3735 M.DICK2@VERIZON.NET</p> |
| <p>CLIFF LANGLEY 3690 FRANK LEDBETTER DR RANDBURN, AL 36273 256-568-2827 CMUDBUGC@AOL.COM</p> |
| <p>LESLIE DIGMAN 937 LEE RD NO. 112 OPELIKA, AL 36804 LDIGMAN@BELLSOUTH.NET</p> |
| <p>MIKE WADSWORTH 330 WADSWORTH ROAD CROPWELL AL 35054; 205 525 4708</p> |
| <p>DAVID C. DAHLKE 386 COUNTY ROAD 258 COLEMAN, AL 35057 256-734-5173 256-962-1651</p> |

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| TERRY STEPHENSON 2637 ADAMS CLARK ROAD COMMERCE, GA 30530 (706)335-2654 stephensonfarm@yahoo.com |
| CURTIS KICLITER 1462 MCCASKILL ST. MARSHALLVILLE, GA 21057 (478)967-3300 |
| ROY ROBERTS 770-267-2706 54 NUNNALLY FARM ROAD MONROE, GA 30655 RNROBERS@MINDSPRAIN.COM |
| MELVIN EVRETT 2884 COUNTY ROAD 414 FLAT ROCK,AL 35966-4014 (256)632-2155 MTEVRETT@FARMERSTEL.COM |
| SAM PAYNE P.O. BOX 246, CALHOUN GA 30703 PAYNEFRM@BELLSOUTH.NET ; 706-629-6000 |
| THOMAS M BOYD 4241 SIMPSON ROAD DAVISTON, AL 36256 256.234.4805 OR 256.329.9115 |
| DAN KIRKLAND 185 KIRLAND ROAD SEALE, AL 36875 334.298.8605 |
| DERWIN RUSH 3929 COUNTY ROAD 46 MONTA VALLO, AL 35115 205-665-4722 |
| JOE KRAUT 706.337.2243 PO BOX 207 FAIRMONT, GA 30139 |
| COY J RASBERRY 4101 ALABAMA HWY 191 JEMISON, AL 35085 205-688-4859 |
| WH ARMSTRONG 501 ARMSTRONG ROAD LANGSTON AL 256 582 4479 |
| GARLAND SHEPPARD 3394 UNION HILL ROAD LACY SPRINGS, AL 35754 256-498-2629 |

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| LARRY M ATKISSON 4717 OAKDALE ROAD ALPINE, AL 35014 256-378-6461 |
| LARRY WILSON 390 FORTENBERRY ROAD GUNTERVILLE, AL 35976 256-586-4269 |
| E H PATTERSON 336 EDGEFIELD ROAD ALBERTVILLE, AL 35951 256-878-6401 |
| KENNETH DYER 7238 SKEENAH GAP ROAD BLAIRSVILLE, GA 30512 706-745-2886 |
| RONNIE 389 COUNTY ROAD 293 BRYANT, AL 35958 256-597-2897 |
| KEITH BAILEY 1764 COUNTY ROAD 44 SECTION, AL 35771 205-228-6232 |
| WINFRED R SEATON PO BOX 2641 DALTON, GA 30722 706-278-7073 BSEATON@OPTILINK.US |
| JERRY WATSON 8100 JOHNSON ROAD PALMETTO, GA 30268 770-463-3200 HARRIETTWATSON@BELLSOUTH.NET |
| GLEN HAYES 770-786-3737 HAYES FARMS 2607 GUM CREEK ROAD OXFORD, GA 30054 |
| RUDOLPH PARKER 4400 RUDOLPH PARKER LANE PERRY, FL 32347. 850-584-9656 |
| DAVID ALLEN, 229-322-0138, 101 MCKEZIE ROAD MONTEZUMA, GA 31063 |
| LARRY FETNER PO BOX 532 ASHLAND, AL 36251 256 354 3161 |

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|---|
| BETTS BERRY 546 TOM HUNT ROAD CHICKAMAUGA, GA 30707 706-375-4049 |
| JAMES RUARK 565 JEFF COOK ROAD MANSFIELD, GA 30055 770-787-9939 |
| STEVE W. HOUSE P.O. BOX 224 SPRINGVILLE, AL 35146 205-467-7730 |
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| TED CAMPBELL 2824 COUNTY ROAD 13 HEFLIN, AL 36264 256-253-2648 |
| HERB WESLEY 4060 COUNTY ROAD 1651 CULLMAN, AL 35058 256-796-0033 |
| FRED GREENE 246 BUNN ROAD FORSYTH, GA 31029 478-994-1198 (HOME) 478-993-5777 (CELL) - BEST WHEN AT WORK |
| RICHARD STIGLITZ 2720 MARSHEL FULLER ROAD DALLES GA 30157 (770) 445-4912 |
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|---|
| <p>STEVE SCOGGINS 2633 SILVER HILL ROAD SUMMERVILLE, GA 30747 706-857-5171 DSS214@AOL.COM</p> |
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| <p>OK ALEXANDER 1181 BULLARD ROAD BLOUNTSVILLE, AL 35031 205-429-2469 BOK@URISB.NET</p> |
| <p>JERRY WRIGHT 2389 HIGHWAY 140 ADAIRSVILLE, GA 30103 JMBM@AOL.COM; 770-773-9430</p> |
| <p>W P POWELL 205-755-3786; 6724 COUNTY ROAD 24 CLANTON AL 35045</p> |
| <p>RAYMOND REEVES 9508 JERSEY DRIVE WARRIOR, AL 35180 205-647-1345</p> |
| <p>LEWIS LANGFORD 10071 GALLANT ROAD GALLANT, AL 35972 256-538-3357</p> |
| <p>LARRY LOUGHRIDGE 706-695-4987 322 BALLGROUND ROAD CHATSWORTH, GA 30705</p> |
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The Center for Agribusiness & Economic Development



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Josef M. Broder, Interim Dean and Director