

Chapter 4: Goat Marketing Opportunities on the East Coast

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This chapter is basically an examination of market potential but it will also touch on supply capability. A conclusion is that if producers in Florida and neighboring states in the Southeast are to reap benefits from these markets, major changes must occur rather quickly. Three points should be made at the outset: 1) Existing demand forces for goat meat reflect mostly ethnic desires, a marketing research area not widely researched or understood by professionals in this country. 2) The existing goat meat industry, in strictly a "functional" sense, performs its transporting, processing, and distributional tasks rather well; admittedly, it is unconventional, and perhaps inequitable. 3) Latent demand components (one almost wants to say "unsatisfied" demand) await recognition and exploitation, rather than traditional market development.

SUPPLY-DEMAND RELATIONSHIPS IN GOATS

Economics teaches that, contrary to what one hears from television newscasters and newspaper analysts, demand is always equal to supply. If supply exceeded demand, excess supplies of goat meat would be dumped (e.g. in the ocean), and demand greater than supply would result in "goat riots" in the streets. Price is the equalizer. Supply pressures cause prices to fall, and demand pressures cause just the opposite.

Supply of Goat Meat

In economic parlance, supply is more than simply an amount. Rather, it is a schedule of corresponding quantities offered and prices paid over a period of time. It is thus a reflection of the "production personality" of an industry. The concept of economic supply can be used to predict how a change in goat prices, for instance, would cause adjustments over time in the number of goats being produced.

Figure 4.1 shows the current ranking of southern meat goat producing states. The actual numbers are thought by industry players to be considerably higher. There are apparent discrepancies between goat inventories, auction runs, and slaughter numbers reported.

Because the meat goat industry is rapidly developing, and because useful price data are as yet largely unreported, any definitive estimate of economic supply would necessarily be poorly documented. Currently, the supply of goats seems to be expanding, mainly in response to an increase in goat meat consumption and to improved potential for producer profits. Figure 4.2 provides evidence of this expanding supply in federally inspected slaughter numbers. However, there is also evidence that demand for both slaughter and breeding stock has reduced farm inventories in certain production areas, particularly in Texas.

Supply response is often triggered by changes in farm policy programs. The serial demise of the Wool and Mohair Act, announced in mid- October, 1993, has encouraged some fiber goat producers to shift to meat goats. According to Agricultural Census numbers, about four times as many fiber goats exist as do meat goats. Moreover, better conditioning of surplus Angora goats prior to sale could lead to increased acceptability in the slaughter trade and thus influence aggregate supply.

The economic concept of "elasticity" relates to both supply and demand, measuring the sensitivity between changes in production and price. A product with an elastic supply function would respond more dramatically to changes in price than a supply calculated to be inelastic.

The supply of meat goats seems rather elastic, meaning that improvements in prices offered would result in substantial increases over time in the production of meat goats. However, many producers and prospective producers of goats face resource limitations. These limitations may be mostly financial, but they may also refer to insufficient knowledge, time, or land area and suitability.

In any case, resource limitations can delay response time for increasing goat numbers even when favorable prices are encountered. Beyond stating that the supply function for meat goats is shifting outward and appears to be elastic, it is best at present to obtain additional information on how many and what kind of meat goats there are, and how and where they are being produced.