

Demand for Goat Meat

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 an industry.

There are indications that consumption has increased substantially since the mid-1980s, at more or less stable prices. Figure 4.2 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 outward, indications of a growing industry are in place. Figure 4.2 also reveals that, in spite of increasing slaughter, 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.

Because of persistence among immigrants 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 largely 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 recent economic recession had an impact on goat meat consumption, particularly in and around New York City. This impact came in terms of prices processors were willing to pay and in terms of quality taken. (Drinkwater, 1993)

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. Breakthroughs in utilization of goat meat (chevon) in gourmet restaurants may be easier

to achieve than earlier thought. Only 15 to 20 specialty meat purveyors move the bulk of such products in the U.S. (Dunn, 1994). Relationships with such a small number of firms can be strengthened rather easily.

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; at such times, costs are of lesser concern.

THE CURRENT MARKETING SYSTEM

Marketing Channels

A marketing channel describes the movement of a product or commodity from the site of production to the place of consumption. It may include transportation, handling and storage, ownership transfers, processing, and distribution. Principal flows of meat goats originate in the inland areas, mainly the Southwest, and terminate in the major metropolitan areas in the Northeast, and in Florida, Texas and California. Increasing quantities of goats originate in the southeastern and midwestern states.

Traditionally, principal players in goat marketing channels were entrepreneurs who carved out a portion of the trade through shrewdness, determination, and economic or political leverage. Because the industry is now rapidly developing, market channels are becoming discernible, points of origin are better defined, and new processing plants and marketing techniques designed to better meet consumer needs are coming into play.

Figure 4.3 presents a flow chart of goat and goat meat movement. The chart depicts a relatively complex industry structure involving middlemen who function as traders, brokers and purveyors. The lines indicate the major paths that goats take from producer to consumer, but there are regional differences in these pathways (Gudahl, 1987).

The nation's largest Angora and meat goat auction is at Junction, TX; nearby San Angelo, TX handles mostly meat goats. Other high volume auctions are located at Goldthwaite, TX,