Title
High Sierra Beef Progress Update

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Research similar efforts in other regions

Research was completed on similar efforts in other regions. There are over 300 grass-fed beef marketing operations across the United States. Here in California, there are approximately 10. Most are selling approximately 50-60 head per year. This appears to be a marketing limit for those who produce, process, market and distribute on their own. Additional labor and space requirements for marketing, storage for dry-aging, and distribution appear to be the biggest barriers to increasing market share for producers working individually.

The largest grass-fed beef company in California is marketing around 1,000 head annually primarily to Bay Area restaurants. Branded beef consultant Allen Williams has noted the grass-fed beef market still has plenty of room to expand and that price is not a limiting factor. Ervin's Beef in Arizona has noted that you can market all you can produce. One Bay Area restaurant is wanting grass-fed beef and is willing to work with other restaurants and independent retail outlets to help move the entire carcass and insure the company they are working with will be able to grow large enough to insure they stay a viable business.

Producer Survey Results

Based on a response rate of 27 percent (out of 466 surveys mailed), there is adequate supply to initially meat market demand. On average, ranchers in the HSB project area have 30 years of ranching experience. The average age of ranchers in the project area reflects statewide trends, with 79.1 percent of the respondents being over 45 years of age (opposed to only 5.6 percent under the age of 35). Most producers (81.7 percent) are in the cow-calf business, while seedstock producers (24.6 percent), stocker operators (17.5 percent) and feedlots (4.8 percent) are also represented. Most producers use English breeds – 67 percent of the bulls owned by those who responded were Angus. Cows were predominately Angus and Hereford.

Total cattle numbers for survey respondents are summarized below:

Class	***Total***	***Average***
Bulls	663	7.1
Cows	11,327	106.9
Heifers	3,578	37.3
Steers	2,374	32.5

Seasonal supply of cattle does not appear to be a problem as shown in the following table, which reflects number of cattle sold per season by respondents:

Class	*Spring*	*Summer*	*Fall*	*Winter*
Cows	204	338	840	230
Heifers	706	1662	279	728
Steers	665	1755	909	739
Bulls	36	36	100	67

More than 40 percent of respondents have participated in quality assurance programs, and nearly 55 percent keep herd health records. Only 5.6 percent indicated that they feed antibiotics to their cattle, and just 10.3 percent use implants. These elements may become critical in marketing a niche product.

Those who responded run cattle on 84,695 acres of owned land and 63,847 acres of leased land. Respondents include small, medium and large producers. Many are involved in conservation programs, as well; this could be used as a marketing message (see the table below):

Program	*Number of Ranches*	*Acreage*
Williamson Act	54	50,955
Super Williamson Act	2	6,350
Environmental Quality Incentives Program	7	6,350
Wildlife Habitat Incentives Program	2	250
Conservation Easements	11	21,213

Consumer, Restaurant and Retail Surveys

Three product samplings were conducted with 700 consumers at events in Placer and Nevada counties. During the samplings, surveys were distributed. Survey respondents ranked the same beef attributes on the same 5 point scale as the restaurant and store market survey conducted in March 2003. A total of 142 surveys were returned. The restaurant and market surveys were conducted with 29 establishments in the six-county area.

Results from the consumer surveys and how they compared with the March 2003 survey were as follows (1 = not at all important and 5= very important):

Attributes	Consumer Avg	Restaurant and Retail Store Avg
Flavor	4.7	4.7
Tenderness	4.7	4.7
Food Safety Assurances	4.7	4.8
Quality Assurance Certified	4.7	4.1
Consistent Quality	4.6	4.9
Nutritional Value	4.6	3.6
Antibiotic Free	4.4	3.7
Hormone Free	4.4	3.7
Dry Aged (14 to 21 Days)	4.3	3.3
Locally Produced On a Family Ranch	4.0	3.2
Grass-fed	4.0	2.8
Recipes & Other Product Information	3.5	2.4
Breed	3.3	3

Most of the establishments surveyed purchase a range of beef products, from steaks and roasts to ground beef. Nearly all of the establishments expressed an interest in participating in product taste testing with HSB.

Results from the consumer surveys were similar in some aspects with the March 2003 Restaurant and Retail Store survey. Both surveys were in agreement on the top 5 attributes, although not in the same exact order. These attributes were:

- Consistent Quality
- Food Safety Assurances
- Flavor
- Tenderness
- Quality Assurance Certified

Consumers also placed a higher score on nutritional value, antibiotic-free, hormone-free, dry-aged, locally produced, and grass-fed. Anecdotal comments from the product samplings seemed to indicate that locally grown and grass-fed are important. Interviews with two Bay area restaurants indicate that grass-fed and locally grown are important marketing attributes.

Processing Results

High Sierra Beef purchased a five-year old cow and a two-year old heifer. These were processed at Johansen's Meat in August. The cow's carcass weights yielded 897 pounds for the cow and 512 pounds for the heifer. The majority of the meat was ground into hamburger. The tenderloins and tri-tip was pulled from both carcasses to sample some premium cuts of beef. The ribeye on the heifer was also pulled.

The cow's fat was yellow due to her age and time grazing on irrigated pasture and annual rangeland. The heifer's fat was more of a cream color due to her younger age. The ground beef from the cow was formulated into 13% fat. To test value-added opportunities, 50 pounds of the cow was made into a beef stick. The yield on the beef stick was 33 pounds.

Current Work

High Sierra Beef is currently working on completing a financial model and selecting a business model. Work is continuing on finalizing protocols and grazing strategies to ensure a consistent product. The Executive Committee will review business plan development in May to determine whether to proceed with forming a business. If that decision is affirmative, product testing and development would occur throughout the summer and fall of 2004. Product would be available to sell in spring 2005.