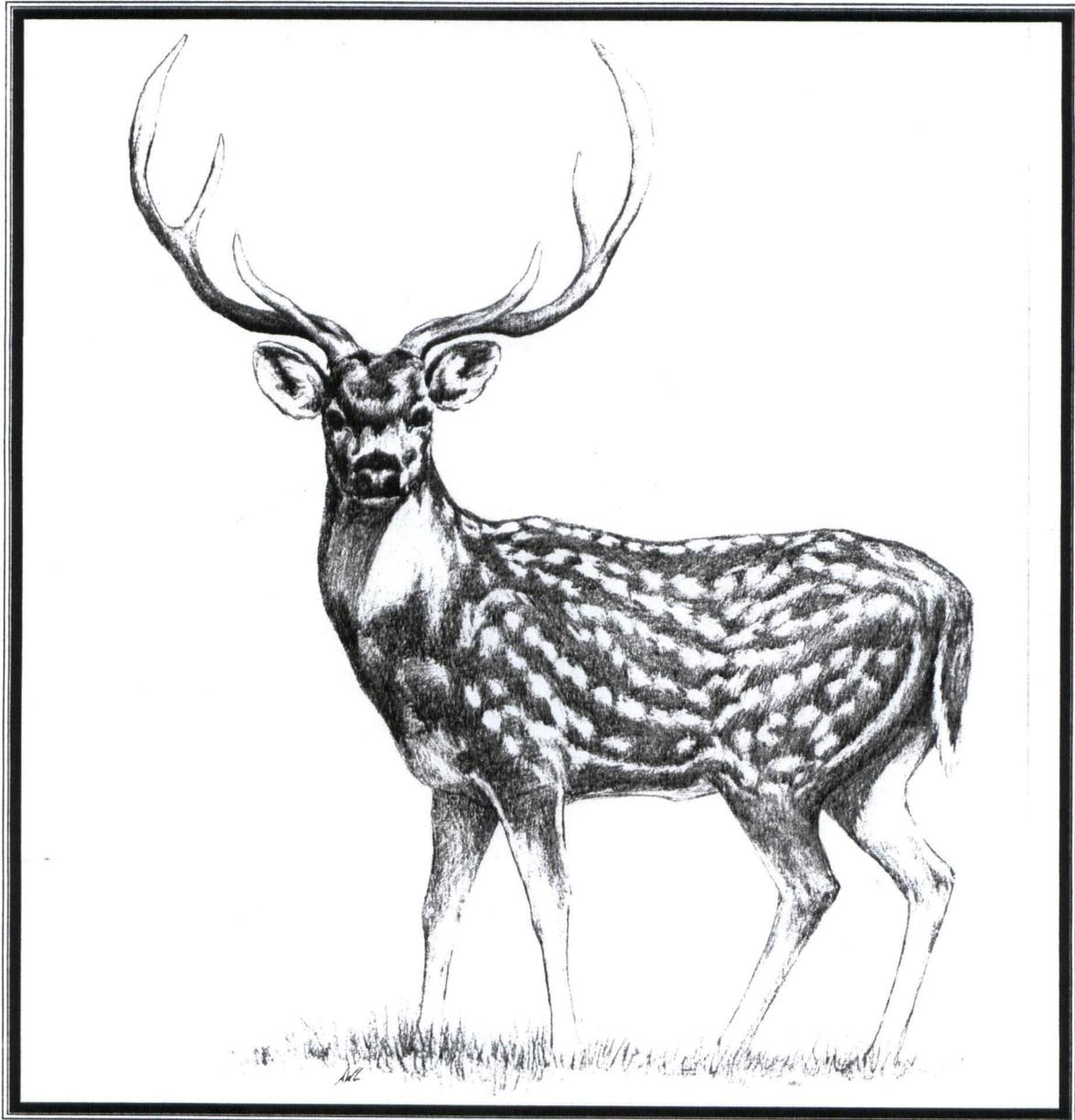


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CHAPTER 10

CHALLENGES OF MARKETING NON-NATIVE DEER AND VENISON PRODUCTS

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Producers should begin making marketing plans at the same time they develop production plans. Marketing includes the many activities and management decisions that culminate in the generation of revenue by selling products. Specialists often represent marketing activities with the 4 P's; product, place, price and promotion. This article discusses a few issues involving the 4 P's as they relate to marketing non-native deer and venison products.

If producers are not able to sell their product and receive prices that generate profits, they stand little chance of staying in business over an extended period of time. Most non-native deer producers will sell live animals of several different classifications and purposes. However, producers' incomes ultimately depend on the ability of the industry to market meat products to consumers. Thus, producers also should be knowledgeable about the characteristics of markets for venison and the long-term growth potential in these markets.

Marketing Non-Native Deer

Few animals are expected to be sold at weaning since results of enterprise budget analysis show this to be only a slightly profitable alternative (see estimated costs and returns article). Most producers will want to capture the economic benefit of retaining ownership of weaned fawns until they are grown to heavier weights and have become a higher valued product in the marketplace. At the end of this stocker phase, does (fallow, axis and sika) will have reached about breeding weights and will either be sold for slaughter or for breeding. Bucks (fallow, axis and sika) will reach slaughter weights and can be sold/retained as potential herd sires, be sold/retained as shooter bucks for hunting operations, or sold for slaughter. Both bucks and does used for breeding stock or for hunting currently have more value than animals moving directly to slaughter.

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Slaughter animals:

Most marketing decisions involving slaughter animals are concerned with how pricing will occur and where ownership will be transferred. A small percentage of slaughter animals will be sold on a liveweight basis through auctions. However, most slaughter animals will be priced on a carcass-weight basis following negotiations between producers and packers. Where transfer of ownership takes place, who furnishes transportation and insurance, and how payment will occur are all issues subject to negotiations. It is likely that methods of transactions commonly found in the industry will change as the number of producers and packers increases. Marketing methods for non-native slaughter deer should be similar to those of other meat industries once the slaughter deer industry reaches comparable maturity.

Some producers may elect to “forward integrate” into slaughter activities. This will require significant investments in facilities and the obtaining of licenses, inspections and permits prior to selling meat to the public. A few of the early producers even started their own retail outlets, developed new products and built rather elaborate marketing systems primarily because this was the only way to get their products to consumers.

Breeding Stock and Shooter Bucks:

Several additional marketing functions become more important to producers wanting to sell breeding stock and shooter bucks. All elements of the 4 P's become much more important to producers directly marketing animals to the final end user. Unlike marketing slaughter animals which are treated more like a commodity, breeding stock and shooter bucks are marketed more as individual animals to owners of breeding herds or owners of recreational hunting operations. The profitability of these operations relies heavily on characteristics each individual deer brings with it.

Deer sold individually for breeding or hunting must possess exceptional characteristics, both visually and from a historical perspective. Sellers should provide production record information summarized so potential buyers of breeding stock can easily see the benefits they are buying. Production records and pictorial reviews of antler configurations will be useful in marketing to commercial and personal hunting operations.

Prices will be negotiated by buyers and sellers and will be considerably more variable than slaughter deer prices as the range in animal quality will be much greater. Buyers of breeding stock will face fitting purchases within the limitations of their production budgets. Operators looking for

shooter bucks will pay prices based on what they can charge for recreational hunts or what they personally are willing to pay.

It almost goes without saying that deer sold for breeding and for hunting must be of the highest quality. A marketing program based on selling quantity rather than quality may be successful in the short term. However, producers not paying close attention to quality and customer satisfaction cannot expect much repeat business. Continually having to identify and win over new customers adds to marketing costs. An excellent marketing strategy is no substitute for poor product quality.

Promotion activities play a very important role in the marketing of breeding and hunting animals. Advertising, merchandising, participating in trade shows and professional associations, and holding special sales are some examples of communicating with past and potential customers. It is critical to the success of deer enterprises that customers know exactly what is being offered for sale and how they will benefit from buying it. Promotional activities are not always familiar to producers just getting started, so help from experts is recommended.

Marketing Venison

Demand for venison in the US is currently being supplied primarily by imported product, especially from New Zealand. US producers are estimated to be supplying between 10% and 15% of venison consumed domestically. This low market share is a result of there being a relatively few producers and even fewer processors in the US. However, the US industry has grown steadily over the past several years as the interest in venison production as an alternative enterprise has grown.

One factor that keeps new industries from growing rapidly is the lack of understanding and development of the market potential and the lack of products to fill demand in the marketplace. Therefore, representatives of industry and academia are beginning to study consumers and handlers of venison from farmed deer.

What They Say:

Results of a recent study shed some light on the movement of venison to consumers through restaurants in Texas. Upscale restaurants are the primary target of firms currently marketing venison in the US. The study provides important information about the extent to which venison is served, why and how decisions are made to offer venison on menus, why patrons order venison, and general characteristics of restaurants serving or not serving venison. Respondents include a sample of upscale restaurants, hotels, country clubs and German-style restaurants.

Less than one-third of all restaurants in the sample offer venison on their menus. However, over 90% of the upscale restaurants serve venison. A small percentage of all restaurants (mostly country clubs) had served venison in the past but had removed it from their menu due to a less than enthusiastic response by patrons.

A few restaurants note that they serve New Zealand venison and a few did not know the country of origin. However, most respondents prefer to serve US produced product. Loins, saddles, racks and legs are the most common cuts of venison served by restaurants. These cuts contain the higher valued muscle groups in the carcass. This offers challenges to venison processors to find outlets for the less valued parts of carcasses. A few chefs have recipes which utilize these cuts in stews, soups and sausages.

The average entree price for venison meals is \$21.55 which is close to the average of \$20.54 for beef and \$19.31 for seafood. The similarity of meal prices implies there is little price competition between venison and other meats. Restaurants do not offer venison as a lower priced alternative to other menu items.

Most restaurants serving venison do so as a result of customer requests for it. The other main reasons it is on menus are because it is considered traditional fare in Texas and because it offers variety among meat entrees. Restauranters believe customers order venison primarily for its uniqueness and taste. The low-fat healthy characteristics are not mentioned as often as expected and do not appear to be a major consideration among customers.

Customers seem to shy away from venison because of bad past experiences, because of poor product perceptions or because it is "too exotic." Other reasons cited for customers not ordering venison include because they are unaware it is available, it is unhealthy and it is too expensive. Only about 40% of hotels and upscale restaurants promote venison in some way. Hotel restaurants rely almost exclusively on their wait staff, while restaurants rely on both wait staff and menus to let customers know venison entrees are available.

Respondents think that future sales and promotions of venison are likely to increase, especially among upscale restaurants. Upscale restaurants and hotels have plans to offer more venison entrees and engage in additional future promotions.

What It Means:

Knowing more about the market characteristics for particular product lines, like venison and related products, helps marketers target their efforts to appropriate audiences. Purveyors of venison

should continue to target their marketing efforts to upscale restaurants and hotels with upscale restaurants, at least initially until supplies increase substantially above current levels. These establishments offer the greatest opportunity to capture market share from imported venison sales and to build on an established clientele base. These types of restaurants already have a customer base of their own that is accustomed to paying \$20 or more for entrees.

Restaurants will continue serving venison as long as customers demand it and serving it is profitable. Customers will continue ordering venison for its uniqueness and taste. Venison processors must continue to add value to less desirable cuts from carcasses. Consumers likely will be receptive to new menu offerings as they continue to look for variety. This should hold true as long as price plays a minor role in customers selecting dining experiences and as long as venison prices remain comparable to other entrees.

Results of the study imply that education will play a major role in industry growth. The public, especially those who eat in upscale restaurants or in hotel restaurants with upscale menus, need to be informed about the availability, uniqueness and desirability of venison. Managers and chefs should receive and would welcome assistance on methods of preparation, pricing and promotion. Producers and processors involved in the venison industry should continually remind those in the restaurant industry that venison from farm-raised non-native deer is available, nutritious, safe, profitable to serve, desired by customers and of high quality.