

Meat Processing

The Project

An alternative livestock processing plant is needed to serve niche markets. Building a plant in the Grande Alberta Economic Region would place the area in a strategic position as markets increase and consumer acceptance grows.

It is recommended a bison processing plant be developed first. Production could be boosted with elk, or natural and organic cattle.

Research may suggest only processing specialty value-added products, such as sausages, jerky, kababs, specific entrees, and hors d'oeuvres. These can be made from end cuts, which have traditionally been challenging to sell. Existing slaughterhouses are likely to be receptive to any joint-venture proposal that would add value to end cuts.

Background

Bison, elk, deer, wild boar, and ostrich are raised in western Canada and the Grande Alberta Economic Region. Bison meat and value-added products are probably in the most favourable position for growth and development, in both domestic and international markets. They are considered a first alternative because of current alternative livestock populations, as well as the degree of consumer acceptance for various livestock types.

Alberta has the largest inventory of bison in Canada with approximately 50% of the Canadian herd located in the province. The population was estimated at 85,000 head in 1996.

Although the alternative livestock industry is experiencing a downturn, long-term growth prospects remain favourable. The meat products market is growing, with demand dramatically shifting from bulk commodity to value-added products. Niche and specialty markets are particularly expanding.

Today's consumers are generally more informed, well traveled, and willing to try new tastes and experiences. Aging baby boomers are increasingly preoccupied with health and age related issues. The result is an expanding market for healthy and nutritious alternatives.

Implementation

Prime alternative livestock markets are upper-end hotel, restaurants, and retailers. These buyers are especially sensitive to produce. It is generally felt that products should not be more than 20 to 30% higher than similar cuts of beef or pork. Success will depend on strict attention to quality, packaging, and cost.

The road and rail infrastructure in the Grande Alberta Economic Region is well structured for transporting animals and product. There is also relatively convenient access to the Edmonton International Airport.

Federal plant approval is needed before selling beyond Alberta. European Union approval is needed to sell into Western Europe. Prime markets exist in Mexico, Southeast Asia (Hong Kong, Taiwan, Singapore, and Korea), and Europe (England, France, Denmark, Italy, Switzerland, Germany, and Russia). There is potential for selling leather hides and goods in the United States, Mexico, China, France, and Hong Kong.

Marketing must focus on overcoming competition, as well as the lack of consumer familiarity with alternative livestock products. A consumer awareness program will be crucial and most effective if run in conjunction with industry association. It should describe the nutritional and health qualities of the meat. The compelling history of bison could be used to make these products more familiar and appealing.

Diversifying

Diversifying will benefit the processor. It is probably not advisable to process wild boar or raptites, such as ostrich, emu, and rhea in the same plant. Because several producers have recently exited raptite industries, relatively low inventories currently exist. Strict health regulations make it a challenge to diversify by processing wild boar.

Costs

A plant capable of processing up to 30,000 animals would initially cost about \$7 to \$8 million. This includes capital costs for slaughter and processing facilities, as well as initial operating expenses. Capital costs can be about \$150 to \$200/square foot for a 20,000 square foot facility. It would take about 30 people at \$12 to \$15 per hour to operate the facility.

Building a smaller facility will minimize the risks associated with supply constraints, industry structure, and emerging markets. A plant that could process around 5,000 head/year would initially require about \$1.5 to \$2.0 million. The plant could later be expanded to process higher volumes.

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