



## HALAL IN MINNESOTA

# Goat Meat Marketing Case Study

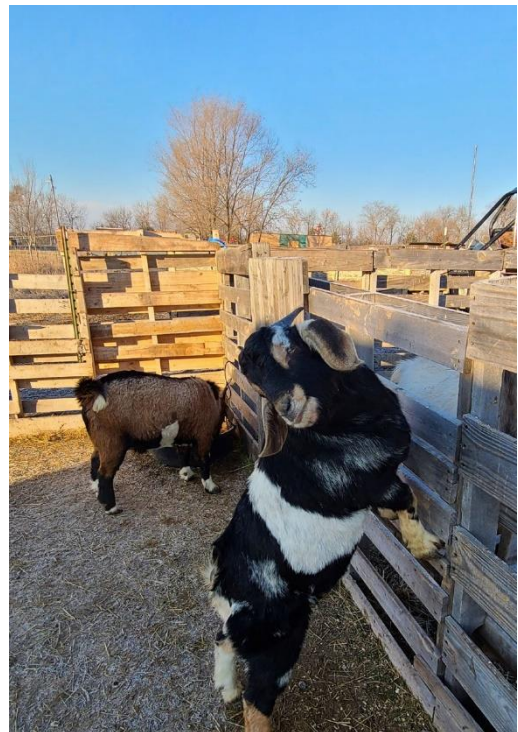
### THE VISION AND PROJECT

Halal meat is a growing opportunity for livestock producers in Minnesota. According to the [Halal and Kosher Meat Market Assessment](#), Minnesota is home to 150,000 Muslims, 91 halal grocery stores, and a \$20 million halal goat meat market.

Nearly all halal goat meat in Minnesota comes frozen from Australia or New Zealand. With few Minnesota livestock producers engaging in the halal meat market, an opportunity exists to raise and sell locally raised halal meats to this growing customer base.

The purpose of this case study is to share one livestock farm's experience entering the halal market so others can learn from the experience. In this example, Kandi Acres marketed halal meat direct to halal stores between October 2021 and July 2022.

As a pilot project supported by Southwest Regional Sustainable Development Partnership and Mid-Minnesota Regional Development Commission, multiple parties were involved, including three halal grocery stores, a newly minted state equal-to meat processor and halal certifier, and the livestock farm. This case study illuminates the relationships, challenges, and insight gained as all parties worked together to build a supply chain beneficial to the farmers, processors, retailers, and consumers.



### MAIN TAKEAWAYS

1. **Relationships matter.** Halal is built on trusting relationships, and it takes time to build trust between halal customers, retailers, and goat producers. Tiffany, owner of Kandi Acres, spent significant time not only arranging sales with store owners but also getting to know them as people, connecting with those from different cultures and who spoke different native languages. To sell to halal customers, entrepreneurs may need to minimize their approach to sales as “all business” and be very transparent about how the animal was raised and processed.

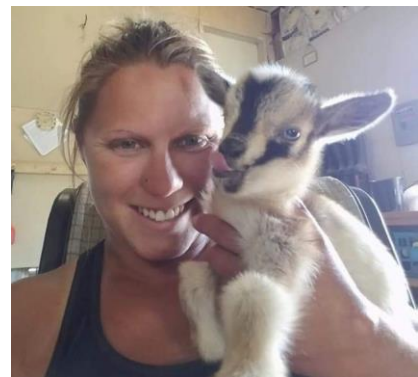
2. **Processing key to success.** Processing impacts the success of marketing halal meat due to its effect on price and logistics. For relatively small animals like goats, the cost of processing is a significant part of the end product's price per pound. Even modest shifts in processing costs per goat greatly impact the final price per pound. Moreover, due to the needs of halal slaughter, such as having a Muslim slaughterman, the logistics of processing animals consistently and in a timely manner can be a challenge. Having a good processor that meets the necessary requirements of halal will move the process from stressful and difficult to easy and consistent.
3. **Price and marketing costs drive outlet success.** Kandi Acres realized a better return to their goats when they direct marketed to stores rather than trucking their animals to an auction far away. This was due to a decrease in marketing costs, such as time and transport to and from the auction, as well as a steady price per live weight for bigger animals. At auction, prices fluctuate, and as of this writing, they have been significantly higher than when Kandi Acres set out to market on its own. Operators would benefit from examining each available outlet by the total cost in time and travel per load and then comparing to the alternatives. For some, it may make financial sense to enter the growing market for halal meat.

## THE FARMERS

In 2018, Ben and Tiffany Farrier started Kandi Acres with six goats, 10 chickens, and a patch of asparagus. Today, the farm is focused on goat production and is home to approximately 500 sold primarily as fresh meat. Tiffany oversees daily operations and marketing. Ben works off-farm most days, chipping in during his off hours and managing the farm finances.

A city girl from Las Vegas, Tiffany would be the first to admit she's an unlikely goat producer, yet she discovered a love for the unruly ruminants and has an infectious enthusiasm for raising good food for her community. Located on 30 acres near Hawick, Minnesota—20 miles from Willmar—Tiffany often divides her day between caring for baby goats and her own three kids.

When Ben and Tiffany started raising livestock, they sold most of their meat goats through the livestock auction in Pipestone, Minnesota. After attending a University of Minnesota Extension workshop on halal, Tiffany became inspired to sell fresh goat meat directly to halal grocery stores in Willmar. Before the pilot began, only a few local customers, including a number of Somali families, had purchased fresh goat meat



direct from Kandi Acres via custom processing and on-farm slaughter.

## THE RETAILERS



Abdi Yusuf operates Amin Grocery in Willmar, a retail grocery store that carries halal meat, in addition to a wide mix of halal foods. Highly community-minded, Abdi has actively engaged in the pilot project to make fresh halal meat accessible to the local Somali community. Abdi has served as a slaughterman at the processor, in addition to his role as retailer. Both his Muslim faith and his stature as a trusted community

member made Abdi a key part of the project's success. The slaughter of an animal by a member of Muslim faith, and in accordance with halal practices, is an absolute necessity to produce halal meat. (For further details on halal, visit [Extension's website](#).)

A total of three retailers participated in the pilot project, including Abdi. For some, the fresh and local goat meat bolstered their offerings in addition to the traditional frozen product. For others, like Abdi, transitioning to all fresh goat meat differentiated them from other stores that carried frozen.

## THE PROCESSORS

Georgia and Tomas operate Kerkhoven Country Butcher in Kerkhoven, Minnesota, approximately 30 miles from Kandi Acres. They had experience doing custom exempt processing for Tiffany's halal customers before becoming certified as a state equal-to processor in October 2021, just weeks before the pilot project began. Therefore, they were new to working with an on-site inspector at the same time they began the halal pilot project with Kandi Acres.

Kerkhoven Country Butcher has processed all the halal goats through the pilot project, and with Abdi as slaughterman, interest in halal processing is growing.

A USDA-inspected processor is currently investigating the development of a USDA-inspected halal plant in Willmar. This current processor sees a small halal plant in Central Minnesota as a viable business opportunity with years of management and processing experience.



Georgia and Tomas with Minnesota Department of Agriculture Inspector Cullen Hewitt.

## THE CERTIFIER





In April 2022, Kandi Acres became the first certified halal farm in Minnesota. The process took approximately five months from time of application to issuance of the certificate and cost \$1,000.

The certificate provides buyers with the assurance that animals from the farm were raised in accordance with halal standards. A certificate can be a helpful means to gain access to the halal market, which may be especially important for a non-Muslim. A certificate, however, is not a substitute for building trusting relationships between buyer and seller.

Kandi Acres worked with Halal Transactions of Omaha and its director, Jalot Al-Absy, to work through the certification

process. One of a handful of halal certifiers in the nation, Halal Transactions of Omaha works with businesses, such as slaughterhouses and farms, but also businesses producing non-food items, such as cosmetics, textiles, and pharmaceuticals. Since Kandi Acres was the first client of Halal Transactions in Minnesota, the process took longer than expected due to identifying and contracting with an inspector who could visit the farm in person.



Not unlike organic certification, the halal certification process required Kandi Acres to provide detailed information about how they raise the animals on-farm, including rations, access to pasture, and animal welfare. After a review of these on-farm processes, procedures, and inputs, Halal Transactions of Omaha provided feedback on improvements necessary to obtain halal certification. After the improvements were made, the certifier sent an inspector on-site to confirm the information and the operational changes before issuing the certificate.

## **HOW DID THIS WORK? CHALLENGES AND OPPORTUNITIES**

### **Building relationships**

Honest and respectful trade between buyer and seller is important to halal customers. Simply walking into the store and offering to sell halal meat is not sufficient to begin a business relationship. Tiffany invested many hours getting to know retail buyers personally and giving them an opportunity to get to know her and Kandi Acres. The retailers wanted to know how the animals were raised, as well as how they were processed. Tiffany provided on-farm tours to provide assurance of the care her family takes with the goats.

### **Processing challenges**

As mentioned previously, a slaughterman of the Muslim faith is an important component of halal, so coordinating Abdi's availability with slaughter days was a challenge. Tiffany needed to not only schedule with Georgia and Tomas but also with Abdi at the beginning of each processing day, as Kerkoven Country Butcher does not have a Muslim slaughterman on staff. Processors need to keep a tight schedule to keep their business on point and to accommodate the schedule of their inspector who must be on hand for any slaughter. Due to demand from other customers, Georgia and Tomas have also limited Kandi Acres to 15 goats per week. This, in turn, limits the number of retailers Kandi Acres can serve.

Being relatively new to processing for retail sale, Georgia and Tomas have also been on a learning curve with their process of weighing animals and producing consistent package sizes, which is important for retail customers. Cullen Hewitt, Minnesota Department of Agriculture (MDA) inspector, has been helpful as they set up a consistent and efficient process.

### **Pricing**

Offering a new product focused on quality, Tiffany has spent time educating retailers on the significant price difference between frozen, imported goat meat and Kandi Acre's fresh product. Even so, retailers have consistently pushed for a lower price since the frozen product is less expensive.

Tiffany initially charged retailers \$4 per pound of live weight plus the processing cost. Shortly thereafter, she moved to \$4.50 per pound. Processing costs, however, have increased significantly even during the time of this project. During fall 2021, the process cost was \$65 per goat. As of early summer 2022, the price stands at \$85 per goat for a simple curry cut to more than \$145 per goat for more custom processing. This change has been a big price shock for participating retailers. Since the live weight price plus processing price arrangement has proved cumbersome

and complicated, Tiffany has moved to quoting a wholesale price per pound that incorporates the processing costs. She also provides both a kid price and an adult cull goat price. As of summer 2022, Tiffany is wholesaling fresh kid halal goat meat at \$9 per pound and adult halal goat meat at \$8.25 per pound. The addition of older adult goat meat has been one way to offer fresh meat at a lower price point. However, offering this lower price point still does not meet the low retail price for imported frozen halal goat meat, which costs \$4 less per pound on average.

### HALAL ECONOMICS FOR THE FARMER: MARKETING COSTS + COST OF PRODUCTION

In this direct-to-store selling arrangement, Kandi Acres garnered a better price for its goat meat than selling on the open market at auction. However, like any direct-marketing business, the farm also incurred marketing costs, such as the time spent communicating with retailers, arranging sales and processing, and the logistics required to transport finished product to stores.

When first starting to direct market in fall of 2021, Kandi Acres earned a 41 percent margin, as compared to a 30 percent margin at the auction. Direct marketing is more profitable due to a few factors, including a consistent price of \$4/lb. live weight, decreased marketing costs, and less production costs per pound due to selling larger kids (Figure 1). At the time of this publication

(summer 2022), however, Kandi Acres would have the same or greater return for goats sold at auction, since the price for live weight is consistently greater than Kandi Acres is selling direct to the stores.

	Scenario 1: Auction	Scenario 2: Direct to Store slaughter support start-up
Pricing	Variable -\$2.20 to \$4.00/lb	\$4.00/lb
Example: 15 goats	\$3,240.00	\$4,200.00
	**54 lb goats	**70 lb goats
<b>Production costs</b>		
Kid at 5 months	\$39.00	
Kid at 8 months		\$66.00
1 doe +.2 replacement per 1.5 kids	\$86.67	\$86.67
Kid + doe	\$125.67	\$152.67
Per load	\$1,885.00	\$2,290.00
Net revenue	\$1,355.00	\$1,910.00
Margin	42%	45%
<b>Marketing costs</b>		
Transportation	\$145.20	\$16.50
Transportation time	\$150.00	\$24.38
Time arranging sales/delivery	\$0.00	\$26.25
Fees	\$90.00	Processing Paid by store
Slaughter time	\$0.00	\$120.00
Total	\$385.20	\$187.13
Net Revenue after marketing costs	\$969.80	\$1,722.88
Margin	30%	41%

FIGURE 1: COMPARISON OF COSTS FOR LOAD OF 15 GOATS (OCTOBER, 2021)

## HALAL ECONOMICS FOR THE RETAILER: NEW PRODUCT AND COMMUNITY DEMAND

The three retailers involved in the project have operated halal stores between four and 16 years, and a large majority of store sales is food. In addition, halal meat accounts for between a fourth and a third of all food sales—a significant food category for retailers.

These retailers take halal very seriously, so much so that not a single item in their stores is not halal. Therefore, with this group of buyers, it is very important the halal meat comes from somewhere they trust and has been processed in a manner they trust. They trust the frozen halal goat meat from Australia and New Zealand that they typically stock because the meat is halal certified. The goats in these countries typically range wild, so certifiers and consumers are assured that nothing improper was ingested for 30 days before slaughter, and the animals were raised in an appropriate environment. Both are important factors in halal.

The three retailers participated in the local halal meat project because of a strong interest in serving their community. For them, having their store act as a community asset, such as a place to gather, is as important of a function as making sales and building a business. Based on their experience with this pilot project, they found:

1. **Byproducts drive sales.** The greatest demand was for fresh byproducts, such as kidneys and livers, which are a delicacy in East Africa. Customers also requested tripe and heads, but note those animal parts are prohibited for sale under current inspection standards and the stores did not sell them to customers. The retailers thought they could have sold these byproducts for more than the meat, but they all chose to keep them at the same price to draw more customers into the stores.
2. **Demand shifts over time.** Fresh meat sales were slow to begin with, but they picked up after weeks of offering the product. Ramadan depressed sales, as would be expected, but they again picked up after the Ramadan season. Retailers suggested the pandemic had some impact on testing the introduction of fresh halal meat due to shifting consumer spending. Consumers shopped differently due to pandemic supply chain issues, then were influenced by uneven price changes due to inflation.
3. **Fresh product complements frozen.** During fall 2021, all three retailers moved exclusively to fresh halal meat in a bid to differentiate themselves from other retailers who sold only frozen meat. In time, however, they all re-introduced frozen meat to their product mix in order to satisfy their customer base. In this way, the fresh meat provides an alternative in price and quality to the standard frozen meat.
4. **Retailers want marketing assistance.** When interviewed, all participating retailers suggested more assistance in marketing fresh halal goat meat. As retailers, they see the value of carrying the product but need better strategies and tactics to promote a product that is more expensive and better quality.

5. **Gender impacts sales.** The one woman-owned store sold more fresh meat than the male-owned stores, as women are the primary shoppers, and as observed by project participants, more likely to shop at the woman-owned store.

## **FUTURE CONSIDERATIONS**

As outlined in this case study, Kandi Acres has successfully navigated the halal market and shown existing opportunities for local meat operators. A number of factors will determine the future of this market, including:

1. **Development of a halal processing plant.** As of August 2022, the new halal processing plant in Willmar is working its way through permitting and looks to be moving forward. If a dedicated halal plant moves forward in Willmar, this will provide a more consistent and streamlined processing option, along with a more competitive cost of processing. Consistent availability of appropriate halal processing is key to success.
2. **Continued positive relationships with store owners.** Ongoing communication with current customers, as well as outreach to new store owners, will continue to be essential. The halal market depends on trusting relationships, which require time and transparency.
3. **Competitive pricing.** The benchmark for halal meat customers continues to be imported frozen halal goat meat. While store owners recognize that fresh goat meat is good quality and can fetch a higher price than frozen, there are limits. If the price differential over frozen can be kept the same, sales have the potential to remain stable or grow. As of this writing, inflation and increasing costs of production and marketing make future pricing uncertain. The price of frozen meat may experience the same cost pressures as transportation and import costs increase. Price and marketing costs drive success, and only time will tell how the price of fresh and frozen meat will change.

## **REFERENCES**

Kagan, A., Draeger, K., & Olive, R. (2020). Halal and kosher Minnesota meat market assessment: Analysis, implications and recommendations. UMN Extension Regional Sustainable Development Partnerships. Retrieved from <https://hdl.handle.net/11299/210220>

## **QUESTIONS OR COMMENTS?**

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