



# CO-OP, CSAs, & DIRECT FARM PURCHASES FOR GRASS-FED BEEF

**One out of five Chicago consumers** prioritize purchasing grass-fed beef, and 34% of residents self-reported as first-time buyers at local food businesses such as Co-Ops, CSAs and on-farm stores (Sept 2020).

Consumers want more direct, local food options, and view grass-fed beef as a healthier, higher quality and more humane meat option, according to our user research. Online shopping direct from producers grew by 16% between March and September 2020. There is an opportunity for CSAs, Co-Ops and Farm stores to offer more online purchasing options.

## What is Grass-fed Beef?

There's a lot of misconceptions about what "grass-fed beef" means — for both the kitchen table and the farm. Grass-fed beef usually is defined as cattle that is raised on grass and forage (as the primary food source) for the lifetime of the ruminant animal post-weaning.

Grass-fed cattle spend the majority of their lives outdoors, and usually are contained in paddocked enclosures that are rotated for optimum grazing. This differs from *grain-fed* or *conventional* beef, which requires highly

concentrated feeding operations.

Because of their diet and living conditions, **grass-fed beef has less fat, produces less greenhouse gases and requires less hormone and antibiotic treatments.**

Cattle eating grass improves soil health, water quality, pollinator and bird habitats, and requires less costly inputs in comparison to crops like corn or soybeans. This is called regenerative grazing. Beyond these many nutritional and environmental benefits, research suggests that the Chicago region has the greatest opportunity for expanding regenerative grazing and grass-fed beef markets in Illinois.

## An unmet opportunity: Grass-fed beef at CSAs, Co-Ops and Farm stores.

The total annual sales volume of retailers that are likely to sell grass-fed beef products in the Chicago Metro Statistical Area is \$421.6M, an average profit of \$7.1M per retailer. Annual



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household expenditures average about \$1,079 on meats, poultry, and eggs in the Chicago metro region.

Producers sell primarily pre-packaged, frozen cuts in combination with other products as part of a CSA or online sales packages. Some producers also sell in bulk by hanging weight.

One farm store reported that customers spend on average \$60 at the store and typically purchase multiple products during each visit. Beef sales at this farm's onsite store accounted for about 25% of its revenue and sold at an average price of \$9.38 per pound across all cuts. Ground beef and steaks typically sell out.

**The sales originating from CSAs comprises an average of 53% of total farm sales nationally.**

CSAs can foster growth by expanding meat selections, extending CSA seasons and supporting nutrition assistance programs as well as health and wellness programs.

Although the average CSA customer base has been growing, there are many relatively small CSAs. In 2014, the average number of subscribers per CSA was about 141 while the median number of subscribers was 60.

## For Consideration: Market Barriers

**Higher cost:** Price premiums for grass-fed products are about 15%, suggesting higher costs may prevent some consumers from buying. However, audience demographics that favor paying a premium for higher quality food tends to overlap with those who self-report attending farmers markets and other direct-purchase channels.

**Lack of Online Marketplaces:** Online farm stores largely lack a shopping cart feature to allow customers to directly purchase products online and instead may rely on ordering over the phone. Difficulty ordering directly from producers can inhibit sales. Only half of the producers in this project's geography utilize e-

commerce platforms, which may undermine direct sales.

**Despite some barriers, there remains untapped opportunity to make direct consumer sales of grass-fed regional beef at Co-Ops, CSAs, and at direct producer channels.**

**Co-Ops/CSAs:** Demand for CSA services have increased and is expected to stay high based on consumer feedback. USDA's Agricultural Marketing Service suggests CSAs foster growth by expanding product offerings, extending CSA seasons, partnering with other farm businesses, utilizing e-commerce, and reaching new consumers through supporting nutrition assistance programs. Grass-fed beef is a localized opportunity product.

**E-Commerce/Direct Site:** Purchasing meat online is becoming more common, especially among younger customers. With less than half of producers in our project geography utilizing e-commerce platforms, an opportunity to offer more online purchasing options exists. Online consumer spending grew 16% March-Sept 2020, with highest growth in 18-44 age group.

**Consumers see grass-fed beef as a healthier, higher quality, and a more humane meat option for people and the planet.**

**Have questions about selling grass-fed beef to your consumer base? Learn more here: [delta-institute.org/project/grass-fed-beef-market/](https://delta-institute.org/project/grass-fed-beef-market/)**

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