

# FACT SHEET: Market for Natural, Organic & Grass-Finished Beef

<b>Definition of Natural Beef</b>	<p>By definition, most beef is natural. According to the U.S. Department of Agriculture (USDA) Food Safety and Inspection Service (FSIS), natural may be used on a label for beef if:</p> <ul style="list-style-type: none"> <li>• The product does not contain any artificial flavor or flavoring, coloring ingredient, or chemical preservative or any other artificial or synthetic ingredient; and</li> <li>• The product and its ingredients are not more than minimally processed (FSIS Directive 7220.1 Policy Memo 55 "Natural Claims").</li> </ul> <p>However, a "natural" beef label can encompass a wide range of production parameters, which are at the discretion of producers who decide how to raise their cattle and market their beef. Producers raising cattle for beef marketed under a "natural" label may adhere to specific conditions like: "Raised Without Hormones;" "Raised Without Antibiotics;" "Corn Fed;" "Always Vegetarian Fed;" or "Free Range."</p>
<b>Definition of Organic Beef</b>	<p>Organic beef is defined and regulated by USDA. Beef certified and labeled as organic must meet the USDA's National Organic Program (NOP) standards, which include:</p> <ul style="list-style-type: none"> <li>• Cattle must be fed 100-percent organic feed, but may be given certain vitamin and mineral supplements.</li> <li>• Organically raised cattle may not be given hormones to promote growth.</li> <li>• Organically raised cattle may not be given antibiotics. If an animal is sick, it cannot be denied treatment to ensure its health; however, animals treated with antibiotics must be taken out of the NOP.</li> <li>• All organically raised cattle must have access to pasture, but the majority of cattle in the U.S., regardless of how they are raised, meet this requirement.</li> </ul>
<b>Definition of Grass-Finished Beef</b>	<p>All beef is considered grass-fed as cattle spend the majority of their lives grazing on pasture. Grass-finished beef comes from cattle that have been raised on pasture their entire lives. Producing grass-finished beef in large volumes is difficult in North America where few regions have the growing season to make it possible. Most grass-finished beef is imported from Australia and New Zealand where grass is in greater abundance than feed corn and grows year-round.</p>
<b>Natural, Organic and Grass-Finished Beef Market Share</b>	<p>It is hard to determine the grass-finished beef market size because the typical data collection methods do not capture direct-to -consumer or -restaurant sales.</p> <p>The "natural" and organic beef market segment, though small, is growing at a much greater rate than total beef in the retail channel. Retail sales of "natural" and organic beef comprise about 1 percent of the total beef volume and less than 2 percent of total beef sales.</p> <ul style="list-style-type: none"> <li>• In the fourth quarter 2005, the volume of "natural" and organic beef sold in supermarkets comprised 1.1 percent of all fresh beef sold in the retail channel. This market share is growing, but remained near the 1 percent mark for all of 2005.</li> <li>• The "natural" and organic beef share of dollar sales is trending upward, from a low of 1.1 percent in the second quarter of 2003 to 1.7 percent in the fourth quarter of 2005.</li> <li>• FreshLook data estimates that there were 11 million pounds of "natural" and organic beef purchased in retail supermarkets in the fourth quarter of 2005 compared to 1 billion pounds of total beef.</li> </ul>
<b>Natural and Organic Dollar Sales</b>	<p>Retail sales of "natural" and organic beef increased significantly during 2005, ending the year 17.2 percent higher compared to all beef sales, which were up just 3.3 percent. However, the "natural" and organic share of total beef sold in the retail channel remains less than 2 percent.</p>
<b>Selection of Cuts</b>	<p>The selection of "natural" and organic cuts available at retail, which tend to be the higher price middle meats, may partially explain the higher average price for these niche products.</p>
<b>Natural and Organic Beef Price Data</b>	<ul style="list-style-type: none"> <li>• In the fourth quarter of 2005, total beef prices in retail supermarkets averaged \$3.56 per pound.</li> <li>• The price for natural/organic beef during the same quarter averaged \$5.19 per pound.</li> <li>• This is a premium of \$1.63 per pound for natural/organic beef versus total beef.</li> </ul>
<b>Natural and Organic Trends</b>	<ul style="list-style-type: none"> <li>• Natural/organic and total beef prices have increased about 2 percent per quarter.</li> <li>• From the first quarter of 2003 to the fourth quarter of 2005, natural and organic beef prices have increased approximately 25 percent. Total beef prices increased about 20 percent during the same time period.</li> </ul>

\*Statistics based on FreshLook Marketing scanner data

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