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Risks and Opportunities for Western Agricultural Producers in Direct to Consumer Beef Markets

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- Direct marketing by Colorado beef producers is a growing opportunity that leverages interest in local foods and demand for more food market options
- There are several strategies producers can adopt to direct market beef, all with different market strategies and new risks to consider
- Communities will likely benefit from more direct marketed beef if it allows more of the food dollar to stay with farms (and processors) in their region but policy leaders should consider how to help mitigate risks producer face in these markets

Introduction and Background

Since 2020, an increasing number of producers are realizing how reliant the cattle processing sector is on the 4 largest cattle processors which has led to an increase of smaller meat processing facilities and direct to consumer beef (Miller 2022). In the case we focus on for this report (Fremont County, Colorado), 6% of farms in 2022 already sell direct to consumers (USDA Census 2022). A portion of these producers are cattle ranchers that offer beef to local consumers. Downstream in the supply chain, community-based processing facilities have also joined the direct to consumer market by selling individual cuts or wholesale beef which helps their economic resiliency by diversifying their business.

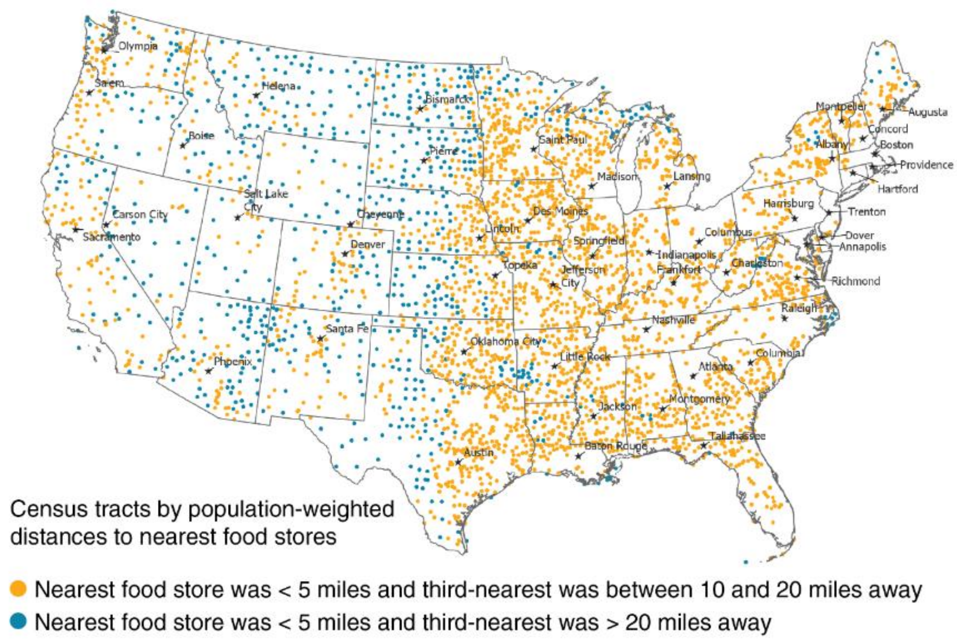
In response to increasing interest in buying direct among Colorado consumers, beef which was typically marketed as wholes, halves, and quarters is increasingly being offered to buyers as individual cuts and packages. In 2025, wholesale beef animals could be purchased for $6.50/lb hanging weight, with an average quarter beef weighing 200lbs (Benesch 2025). This same producer offers a grass finished option for the same price of $6.50/lb hanging weight (Benesch 2025). In this specific case, a purchase of a half grass finished beef animal would yield 250lbs to the buyer whereas the half for grain finished beef options weigh from 350lbs to 500lbs (Benesch 2025). It is important to note that when selling individual and wholesale processed beef, a producer must use a USDA inspected facility: there are four USDA facilities within an hour of this Fremont County producer case study.

Direct Market Opportunities

During the COVID-19 pandemic many consumers began to notice how the concentration in beef packing industry may exacerbate supply chain disruptions (Hefley 2024, Thilmany et al, 2020). Since it is controlled by only four large companies, if those companies have to shut down a plant, the supply chain is heavily disrupted and grocery store shelves may end up empty. This lesson has led consumers to explore different avenues for purchasing beef such as direct to consumer beef. This change was reflected in the 2020 Local Food Marketing Practices Survey with direct marketing sales increasing 3% nationwide from 2015 (USDA 2022). Colorado fell into the southwest region which accounted for 23% of the nation's direct farm sales (USDA 2022).

Many of the consumers in the U.S. are within 5 miles of a grocery store; however, in the Western U.S., grocery stores are further apart than in the east (Rhone and Ver Ploeg 2019). The spacing of food stores in the western U.S. creates the potential for limited access to food, and subsequently, supply chain disruptions can amplify the already limited access. Local markets present the opportunity for producers to close the supply chain gap between consumers so there has been a proliferation of farmers markets, farm stands, CSAs, community based meat processors (often with retail storefronts) and food hubs providing producers venues to interface with consumers in recent years, and COVID reinforced that trend (Thilmany et al 2020).

Figure 1: Consumers in much of the United States has access to a third food store within 20 miles of their homes in 2025



Note: A food store is a supermarket, supercenter, or large grocery store.
Source: USDA, Economic Research Service.

When marketing beef direct, producers can sell products as wholes, halves, quarters, or as individual cuts. Selling beef as wholes, halves, or quarters allows for the less valuable cuts to be sold at a higher price per pound even though it may require more desirable cuts being sold for a potentially lower price per pound. In short, the overall wholesale price of the carcass will likely be higher and fewer transactions costs are required to sell individual cuts, so selling whole or partial animals may be beneficial to the producer.

Despite record high beef prices due to tighter supply, demand for beef has remained relatively steady in recent years. USDA estimated per capita retail beef consumption to be 59.0lbs in 2025 (USDA WASDE 2026). In past publications, people living in rural areas consumed 12.2% more beef than consumers living in urban areas and 16.8% more beef than consumers in suburban areas (Davis and Lin 2005). Rural populations out consume urban populations in every category except for processed beef and steak (Davis and Lin 2005).

Direct Market Risks

In the current traditional cattle marketing stream one of the largest risks is price risk. In direct to consumer marketing the risk shifts from price risk to supply chain, consumer, and inventory risk. In some areas and counties of Colorado there are a scarcity of locally operated meat processing facilities (ranging from one to three depending on how far you are willing to travel) and many of those facilities are booked for processing time slots three to four months in advance. Supply chain risk a direct marketing producer would face is the potential that a processing facility may not be able to take in their animals and additional feed would be required. Moreover, there are concerns about the professionalism of meat processing and packaging skills in smaller plants that represents another concern if animals cannot be processed in a skilled or timely matter.

Table 1: Processing Facilities in Southern Colorado

Processor ID	Slaughter Fee	Processing Fee	Wait Times
USDA Inspected #1	$125.00	$1.25	4 months
USDA Inspected #2	$95.00	$1.20	4 months
USDA Inspected #3	$130.00	$1.45	3 to 4 months
State Inspected #1	$100.00	$1.10	4 months
State Inspected #2	N/A	$1.19	3 to 4 months

To find local consumers, a producer will face risks in developing new marketing protocols and gaining access to new marketing streams when first developing their business. With the popularity of social media platforms, such as Facebook, marketing strategies can be relatively low cost and easy but requires a significant time investment and new set of skills for a producer to manage. Farmers Markets and food hubs are other option but require additional labor to manage and costs for booth or distribution fees.

As mentioned previously, an advantage to direct marketing is control over the final product the consumer receives but there is also risk in managing product quality. Rather than a grocery store interfacing with consumers, the producer is now assuming all risk if the consumer receives product that does not meet quality standards.

If beef is sold as a share or contract prior to slaughter, the producer can mitigate inventory risk. When selling individual cuts, a producer will require cold storage larger than a basic chest freezer. Along with additional capital investments in cold storage, a producer could encounter an excess supply of unwanted cuts if sold as individually packaged meat products rather than wholes, halves, or quarters.

Conclusion

Direct to consumer beef markets present ranchers with new opportunities to diversify and grow their revenue but also new risks to manage. Consumers continue to demand beef in their diet and increasingly seek out local supplies. Producers developing local markets for beef may also be a benefit to their community if they are short on food retail outlets or prefer to support their local economy with their purchases. However, new risks related to labor availability, necessary cold storage infrastructure, and managing inventory will likely be borne by the producer if there is not community programs to support such markets.

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