Panorama Meats/Western Grassfed Beef: Better Beef, Better You

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Kelsey King, Gretchen Montague, Jasmine Singh, and Danielle Wood prepared this case under the supervision of Dr. Wayne Howard in AGB 462, Applied Agribusiness Problems as the basis for class discussion rather than to illustrate effective or ineffective management.

Darrell Wood

Paving a New Path for the Beef Industry

In 2001, the United States beef prices were stable, but finding a way to increase the profitability of a cattle ranch was near impossible. The prices and demand for beef cattle were being driven by “The Big 4” (Tyson, Cargill, JBS and National Beef), and ranchers were being paid enough to survive but not enough to thrive. The only way for cattle ranchers to make more money was to increase the size of their operation, a task that was becoming increasingly difficult as the necessary resources became increasingly hard to come by.

Darrell Wood, a sixth generation cattle rancher from Northeastern California, started contemplating the future of his cattle ranching operation. His family had been raising Angus cross-bred cattle in the high desert of California for decades but hadn’t been able to grow the size and scope of their ranch due to limited land availability. When Darrell’s two kids were getting close to finishing up college and began sharing their interest in returning to the family ranch, Darrell knew he had to do something to secure a future for his family in the ranching industry.

The Wood Family had been going above and beyond to improve their ranching practices for years. They believed in keeping their cattle on grass for as long as possible, as that was where cattle were intended to live and thrive. They also believed in giving back to the environment and remaining as sustainable as possible.

Darrell believed that there was value in the basis of his family operation, and he believed it was a model that consumers could really get behind. So when an acquaintance of his, Ernie Phinney, who had been buying grass-fed cattle from Wood and selling the harvested product in the East Bay of California, approached him with the idea to market natural grass-fed beef, he jumped at the opportunity.

Wood and Phinney got together with a group of long-time friends and cattle ranchers who modeled their business through their own cattle ranching practices. Together, they wanted to find a way to continue producing grass-fed beef that is healthy for the consumer, humane for cattle, and easy on the environment. They also wanted to create a business that would protect the legacy of their ranches and maintain its success for future generations. They pooled their resources, wrote a business plan, and created Western Grasslands, Incorporated (WGI), appointing Darrell Wood as President, Bill Wilkinson as Chairman of the Board, and Rick Harrison and Rich Stewart as the first board members with Ernie Phinney as the first General Manager.
In 2005, the WGI founding board members decided to start looking for additional expertise to help grow the company and posted an advertisement in Western Livestock Journal. This job search led them to Mack Graves. At the time, Graves had his own consultant company called Latigo Mack, where he specialized as a consultant for the meat industry. Wood set up a meeting with Graves and after their first meeting in Reno, he was hired as a consultant for WGI. He was later offered the position of temporary general manager and eventually became CEO of Western Grasslands Inc. in 2006 and served until 2011, when he stepped down to become a Senior Advisor for the company.

Today, Western Grasslands Inc. is made up of nine employees and a board of directors made up of mostly founding ranchers and businessmen who help make operational decisions. Darrell Wood is still playing a large role in the company, serving as company President and assisting with rancher and consumer outreach. The CEO of Western Grasslands Inc. is Lori Carrion, who started her career with WGI in 2006, serving as Vice President of Sales until 2010 when she was appointed as COO. In 2012, she took on the CEO position when Graves stepped down. Day-to-day operations are conducted by the 9 employees of Panorama, each of whom has multiple jobs within the company.

It has been over 15 years since Darrell Wood made his vision a reality and decided to pave a new road for the beef industry. Today, Panorama is the nation’s largest producer of 100 percent grass-fed and grass-finished organic beef and continues to strive to produce healthier, grass-fed beef and make a positive impact on the environment.¹

**United States Beef Production**

*Conventionally-Raised Beef*

While cattle have been domesticated globally for thousands of years, they were not native to the United States and were originally introduced to the colonies by the Spanish in 1494.² Cattle were mainly utilized as “beasts of burden,” and there is very little evidence to support that beef animals were commonly consumed.³ It wasn’t until 1640 that cattle importations were halted, and cattle were then bred in the United States, which would eventually improve the species enough so that its carcass could carry more flesh and be used mainly for consumption by 1800.⁴

In 1960, the United States Department of Agriculture (USDA) began to record data on beef cattle production and distribution in the United States. Throughout the past 56 years, there have been many events affecting the supply and demand for American beef, yet the United States still remains the number one beef producer in the world, maintaining about 19 percent of global production.⁵

According to data collected by the USDA, production and domestic consumption of beef peaked in the 1970’s and descended rapidly by 1980.⁶ The consumption of complementary goods such as poultry has been on a steady rise of 16 percent per capita from 1970 to 2000, while beef consumption has decreased by 13 percent.⁷ The fact is, Americans are eating less beef and more poultry and the explanation is based largely on consumer tastes and preferences.⁸
In terms of demand, one of the arguments is that consumers’ preference structures have changed, making the demand for poultry higher, thus increasing the quantity consumed.\(^9\) The poultry industry has done an excellent job of developing products that take less time to prepare, such as boneless, skinless chicken breasts as well as pre-marinated cuts or even chicken nuggets.\(^{10}\) Another reason for lower beef demand would be the price changes that instigated substitution for poultry.\(^{11}\)

The beef industry responded to lower consumption levels in the late 1970’s by changing U.S. beef grade standards to more accurately represent consumer demand for a less fattening product.\(^{12}\) These new grading qualifications made less-marbled carcasses eligible for higher grade categories and high-marbled carcasses labeled “Choice” or above.\(^{13}\) Beef producers are continually searching for new ideas to create ready-to-use products that replicate that of the poultry industry in order to match consumer preference.\(^{14}\)

Consumers have also become increasingly interested in food safety aspects associated with beef. Between 2003 and 2004, there was an astronomical decrease in beef exports accompanied with substantial decreases in domestic demand due to the discovery of Bovine Spongiform Encephalopathy (BSE), more commonly known as “mad cow disease”.\(^{15}\) One case of BSE was found on December 23, 2003 in the state of Washington and beef from the United States was banned from major beef-importing countries like Japan, South Korea, and Mexico.\(^{16}\) Following the outbreaks, consumer demand in the United States was perceived to have fallen anywhere from 5-20 percent as many were becoming more concerned with food safety.\(^{17}\)

Conventionally-raised beef also has consumers concerned about environmental impacts for several reasons, one of them being concentrated methane gas originating from feedlots.\(^{18}\) In addition, in order to produce a single pound of beef it is estimated that it takes 2,400 gallons of water and 7 pounds of grain.\(^{19}\) Consumers are also concerned with the carbon footprint the beef industry creates by having to haul grain, manure, and cattle to and from feedlots.\(^{20}\) Conventionally-raised cattle are also commonly given antibiotics to keep them healthy and ever-approaching market weight.\(^{21}\) Environmentalists and consumers alike continue to have increased interest in the environmental impacts made by the beef industry.\(^{22}\)

Health, food safety, and environmental factors are growing concerns of the modern consumer, and the beef industry has certainly responded with the production and marketing of Grass-Fed Beef.

**Grass-Fed/Natural/Organic**

Contrary to the conventional United States beef industry that involves feeding or finishing herds a high-fat, grain diet, grass-fed beef cattle must consume grass for the duration of their lifetime until slaughter, with the exception of milk consumption among calves.\(^{23}\) Grass-fed beef cattle make up less than one percent of the United States Beef Industry, and this low number can be attributed to a lack of knowledge in production practices.\(^{24}\) While the industry may be small, there is no doubt that it is growing.

Although the labels are not the same, grass-fed beef can also commonly have an additional classification of organic or natural, depending on the rancher and the practices being used.\(^{25}\)
order to be classified as grass-fed beef, it is only required that the cattle are grass-fed and finished, while requirements of natural and organic beef programs are much more extensive, and can be found in Exhibit 13.\textsuperscript{26}

While there are requirements, there are no true regulations for the raising and maturation of natural beef, and it is very seldom that the USDA seeks verification of natural practices.\textsuperscript{27} It is entirely up to the brand owner of the sold product to maintain their regulation and requirements out on the range. Yet, in order to classify and label a beef product “natural”, it must be minimally processed, cannot contain any ingredients that may be artificial, and cannot contain any preservatives.\textsuperscript{28}

Contrarily, it can be seen that organic beef has much more extensive restrictions and is constantly subject to USDA audit. The USDA has set national standards for any beef product labeled organic. While there are many, a few of the notable requirements include: certification of the farmer and processor of any beef product, any grazing land must be free of any prohibited, synthetic substance for 3 years, and all organically-raised beef animals must have access to pastureland and may only be contained when it regards cattle safety or health.\textsuperscript{29}

Both organic and natural beef production allow growers the opportunity to increase the value of their herds for the next six years as the market continues to grow and develop due to increased demand.\textsuperscript{30} While both natural and organic labels have been correlated with higher demand, grass-fed beef has shown the greatest results over the last ten years with a 25 percent increase in sales per year.\textsuperscript{31} (First research, industry opportunities)

\textit{Agricultural Marketing Service Labeling and Grass-fed Support Services}

In November of 2007, the United States Department of Agriculture’s (USDA’s) Agricultural Marketing Service (AMS) put a voluntary standard for a grass-fed marketing claim into effect. A number of livestock producers make claims tied to their production practices, such as being grass-fed, in order to differentiate their products in the marketplace and in the hopes of achieving a higher price. This voluntary standard enabled producers to request that a grass-fed claim be verified by the USDA according to their procedure of routine audits and thus promote the verified claim with their labeling.\textsuperscript{32} Wood and Graves both testified at hearings regarding these labeling issues and worked with secretaries of agriculture in Washington, DC in an effort to enforce stricter labeling law on grass-fed beef.

In January of 2016, AMS withdrew the marketing claim standard, although the withdrawal had no impact on a producer’s ability to apply to the USDA’s Food Safety Inspection Service (FSIS) for a grass-fed claim on their label. The FSIS has authority to ensure meat labels contain truthful information that does not mislead consumers. One of the reasons the claim was withdrawn was confusion on AMS’s lack of authority to regulate the term versus simply providing transparency by making standards available and giving the marketplace assurance that the standards were followed with thorough audits by AMS which was AMS’s actual role. Companies that had a USDA Process Verified Program were given the option of turning to a different existing industry standard, adopting the withdrawn standard as their own, or creating a new standard.\textsuperscript{33}
If a single firm or a larger industry-wide standard for the grass-fed term is agreed upon, AMS still can offer assistance with verification services. They also would publish companies’ standards so interested parties could understand each program’s components. AMS also releases a grass-fed beef report each month in order to provide producers with information on the value of their grass-fed beef. Another example of AMS support services is the Small and Very Small Grass-fed Program, which will continue despite the withdrawal of the marketing claim, for ranchers who market 49 cattle or less per year.34

The effects of this labeling and verification process are still uncertain. On one hand, some producers worry the withdrawal will bring confusion and multiple industry definitions of the term while eroding consumer confidence in the label. There is also concern that the verification process will not be as thorough because FSIS approves labeling based on one-time assessment of documentation. On the other hand, some state the AMS marketing claim was only used by a mere four grass-fed beef companies and can easily be replaced by private certification.35,36

As it stands now, if beef is labeled as “Grass-fed,” it can be assumed it is 100 percent grass/forage-fed after being weaned from the mother’s milk. The FSIS also lets companies to make grass-fed claims based on the percentage of the diet (Example: 50 Percent Grass-fed, Finished on Pasture with Supplemental Grain Feeding).37

Grass-Fed Beef Industry Trends

Since its peak in 1975, overall per capita beef consumption has decreased in the United States.38 However, an increasing number of consumers have taken interest in grass-fed beef.39 Although only a small percentage of overall beef production is grass-fed, United States consumers are looking to the higher nutrient content grass-fed beef has to offer.

Ranch Operations and Sales

Grass-fed beef operations in the United States count for less than one percent of total beef production. Although overall beef consumption has decreased, consumers have shown a demand for grass-fed beef. Through the identification of the consumer trend and niche in the growing market, more conventional beef ranchers are switching over to grass-fed operations.40

Although demand is growing, experts say it is more than likely that grass-fed beef production will not go over 5% of the total market.41 Throughout the United States, ranchers from the southern Great Plains, Colorado, and California have switched to grass-fed beef in the last decade.42 The transition from raising conventional cattle to organic grass-fed is quite the process for ranchers. According the United States Agriculture Department, ranchers who decide to raise grass-fed beef must ensure “grass or forage must be the exclusive feed source throughout the lifetime of the ruminant animal except for milk consumed prior to weaning. The animal cannot be fed grain or any grain byproduct prior to marketing and must have continuous access to pasture during the growing season.”43
Whole Foods Market, the leading natural and organic supermarket in the nation, also ensures that their grass-fed and grass-finished beef undergoes a sustainable and natural process before reaching the consumer. Theo Weening, global meat coordinator for the market states, “By partnering with producers across the country, Whole Foods Market hopes to help bring grass-fed ranching back into the mainstream because of its positive impact on the cattle, the environment and because it supports local communities.” Whole Foods also ensures that the grass-fed beef sold in its supermarkets are raised on vegetarian diets without any antibiotics or added growth hormones. Additionally, all producers must meet Whole Foods’ strict requirements of ensuring animal welfare and sustaining the environment.

Methods of selling and distributing grass-fed beef are also changing. Many ranchers are looking into sales via Internet and direct distribution to consumers. Other forms of distribution that are predicted to increase include the foodservice sector of the food and fiber industry. To help meet consumer demand, menus at food restaurants will incorporate grass-fed beef at the center of the stage. Despite the transition from conventional to grass-fed beef, ranchers are willing to make the conversion not only because of the higher economic return, but for other important reasons as well. According to Romig, ranchers have shifted to grass-fed beef is because they provide a healthier alternative to consumers, operation practices include decrease use of antibiotics and better stewardship practices, and lastly, for environmental sustainability.

As consumers’ interest in grass-fed beef increases, cattle ranchers will need to adapt to the niche in the beef market. Ranging from health to taste, and even sustainability practices, consumer demand will continue to rise in the years to come. As an incentive and a way to assist ranchers with environmental sustainability practices, the government has helped ranchers and wildlife as a whole maintain ecological practices.

Consumers

Only recently has consumer demand for grass-fed increased. Grass-fed beef, when compared to conventionally-raised beef, offers certain qualities consumers today desire. Consumers are becoming increasingly interested in characteristics such as marbling, color, meat texture, juiciness, flavor, and tenderness are key qualities. Since consumers’ acceptability of grass-fed beef in the marketplace is dependent on flavor and tenderness, taste is crucial. Through earlier studies, it has been shown that grass-fed beef had been known for a “grassy” flavor and found to be less palatable for consumers than conventional beef. However, based on a more current study, where consumers were given opportunity to choose their taste preference in grass-fed beef over conventional beef, 43.9 percent of consumers had a preference toward grass-fed beef. This helps forecast the potential of the emerging market. Not only are consumers interested in the qualities of the meat grass-fed methods have to offer, but they are also taking into consideration where and how their food was handled and treated prior to consumption.

Today, consumers in all areas of the food and fiber market are heavily focused on fair trade and yearn for farm management sustainability and animal welfare. Beef consumers are looking to grass-fed beef as an option that meets environment sustainability concern. Grass-fed beef consumers are also willing to pay a certain premium price to compensate for nutrition and sustainability.
Since the grass-fed beef industry has only experienced a spike in consumer interest in recent years, there are few data findings between grass-fed beef and consumers. However, based on the research that has been collected, United States Consumers are willing to pay a premium anywhere from $2.28 to $5.65 for grass-fed beef over conventional beef.\textsuperscript{53} Demographics include women of middle age, with at least some education, middle categorized income, and at least three people living in the same household.\textsuperscript{54}

Cattle Ranchers throughout the United States have noticed the growing trend in buyer consumption of grass-fed beef. In order compensate for the growing consumer demand, cattle ranchers are switching over to grass-fed beef practices.

*Health Benefits*

Consumers young and old are also increasingly interested in the health aspect of grass-fed beef. All types of feeding methods aside, red meat is viewed as a source essential amino acids, vitamins, and minerals. Yet there are some obvious differences in health aspects of grass-fed beef versus grain-fed. It has been proven that feeding regimen, while it is not the only factor, has a large impact on fatty acid composition of the beef produced.\textsuperscript{55}

Cattle living on a diet entirely made up of grass showed higher levels of omega-3 fatty acids, making the omega-6: omega-3 fatty acid ratio more desirable in the product. There are even correlations to show that as grain consumption in the cattle increased, the omega-3 fatty acids decreased. Western diets typically exhibit high omega-6 acids and very low omega-3 fatty acids at ratios containing 11 to 30 times more omega-6 fatty acids than omega-3 fatty acids when it should ideally exist somewhere between one to four times. A poor ratio between these two fatty acids can result in cardiovascular disease, cancer, and inflammatory and autoimmune diseases.\textsuperscript{56}

Visually speaking, grass-fed beef marbling is also more yellow than the marbling of a grain-fed carcass. This is due to the high forage rations that contain carotenoids which pass into the milk and body fat of the animals. While many countries view this yellow marbling in a negative light, carotenes are the originators of Vitamin A, or retinol, which is a critical fat-soluble vitamin crucial for vision, bone growth, and normal cell division.\textsuperscript{57}

Vitamin E content in grain-fed beef can be found between .75 to 2.92 micrograms, while grass-fed beef exhibited anywhere from 2.1 to 7.73 micrograms. Vitamin E is another fat soluble vitamin and is an antioxidant responsible for protecting against rapidly dividing and mutating cells that result in cardiovascular disease and cancer. Vitamin E may also aid in the prevention of cardiovascular disease as well as blocking the formation of nitrosamines, or carcinogens that form in the stomach as a result of nitrate consumption.\textsuperscript{58}

*Environment Management and Programs*

Raising grass-fed beef requires a dedicated commitment from ranchers. When compared to conventionally raised beef, grass-fed cattle are sustained on natural sources of energy such as
grasses, legumes, and herbaceous plants. In order to keep sustainable practices for the environment and their cattle, ranchers must follow a strict management program.

Environment management practices include reserving natural resources. There are various programs that assist farmers in maintaining such demanding reservation practices while raising cattle. Panorama, like many other grass-fed operations, are in involved in many private and public organizations such as the California Rangeland Trust, the Partnership of Rangeland Trusts, the Society for Range Management, the University of Michigan, Audubon California’s Landowner Stewardship Program, the Center for Land-Based Learning’s Student and Landowner Education and Watershed Stewardship (SLEWS) Program, the USDA’s National Conservation Research Service, and the U.S. Fish and Wildlife Service and the California Department of Forestry and Fire Protection.59

Such programs help sustain and keep natural life preserved. Rangelands are not only used to raise cattle, but are also used to enhance the environment, help save endangered species, and preserve wildlife in general. As an example, the Partnership of Rangeland Trusts has advocated for preservation of nearly two million acres of ranchland (2015). The California Rangeland Trust has helped preserve private ranchland for future family generations (2015). This helps ensure that the land will not be used for urbanization, thus preserving wildlife. By implementing such programs, the 95 percent of federally endangered or threatened species, have a possibility of reproducing (2015). On a Federal Level, the USDA National Conservation Service works with private landowners to help conserve, manage, and enhance the land’s private resources.60 The branch also provides incentives for ranchers who can benefit by working with the agency.61 The Conservation Stewardship program allows participants to receive an annual use payment for operation-level environmental benefits they produce.62 Participants receive a higher payment when operational performance is higher.63

Trade

Panorama is one of a small number of producers in North America whose location and growing season make grass-finishing possible. Though the number is significantly growing, the vast majority of grass-fed and finished beef marketed in the United States is imported from Australia or New Zealand where grass has a year-round growing season without freezing temperatures and is more abundant than feed corn.64 This, combined with the abundance of land that is required to finish animals on grass, creates a system where grass-fed is mainstream. In fact, 70% of beef production in Australia is from cattle that spent their lives grazing. The beef industries in both Australia and New Zealand are smaller than the U.S. beef industry, however they are set up for predominantly grass-fed production. There is also a significant amount of grass-fed beef coming from Uruguay and Brazil.65

While some companies push for local and regional suppliers like Whole Foods, which imports nearly 3% of their grass-fed beef, other companies like large organic food supplier Organic Valley sources all their grass-fed beef from Australia. In mainstream supermarkets like Safeway and Stop & Shop, it is common to see grass-fed beef from around the world. The American company Cargill made a deal in 2013 with Australia’s second largest beef producer Tey’s to
increase sales of Australian beef, and retailers usually are able to find much lower prices from outside the U.S.\(^6\)

**Company History**

Today, grass-fed beef has become a widely used product. However, in the early 2000’s, that was not the case. Trying to find a market for natural grass-fed beef was a much harder task than Western Grasslands Inc. (WGI) thought it would be. To try to grow interest in the business, Darrell Wood and his new business partners had to take a lot of steps, literally. With a tip from an old friend and businessman, WGI got word that there may be an interest in grass-fed beef in the Bay Area, so Wood literally took to the streets of San Francisco looking for prospective markets.

In 2001, WGI hit its first big break when they hooked up with Bill Wilkinson from Greenleaf Produce, a company that worked to help small local farmers get their products to restaurants and hotels in San Francisco. Greenleaf opened the door for WGI to find other distributors to work with. In 2002, Western Grasslands Inc. started working with Sierra Meat and Seafood out of Reno, Nevada. Sierra Meat and Seafood is a meat and seafood distributor to hotels, restaurants and Institutions in the greater Reno/Tahoe area, and allowed Western Grasslands Inc. to spread out of just the Bay Area.

However, Western Grasslands Inc. never quit looking for ways to grow, and in 2003, they got another big break. At a food conference at UC Davis, Wood saw opportunity in connecting with some folks that worked for a grocery store that specialized in selling fewer items than traditional grocery stores and making sure that each item had something different about it. Later that same year, WGI started working with Specialty Branded Products, a meat processor out of Fresno, California that would further process WGI’s grass-fed beef into ground beef and portion cuts, and distribute them to Trader Joes.

Shortly after Mack Graves came on with WGI as a consultant, he got into contact with some old friends from Petaluma, CA. Wayne and Amy Dufond, owners of Field to Family Natural Foods, who specialized in centralized sales and merchandising for local poultry ranchers. Field to Family Natural Foods was working with Whole Foods Market in Northern California and Wayne introduced Mack to the Meat Buyer for the Nor Cal Region as well as Steve Kivel and Assistant Meat Buyer, Dan Neuerburg. After a couple meetings and ranch tours with the two, Panorama Meats started selling 12 head of natural cattle a month to Whole Foods.

The company faced some speed bumps from 2004 to 2005 as they had lost Trader Joe’s over a suspected meat contamination from their processor, and although they were getting some business from Whole Foods, it wasn’t quite enough. According to Wood, on December 31, 2005, the company was experiencing debt that threatened the business. In addition to a lack of business, they were also facing the possibility of a trademark lawsuit over the name “Western Grassland Inc.”

It would have been much simpler for the company to throw in the towel, but with a request from Whole Foods and a little help from marketing company, WGI got a new name and a new
beginning. In 2006, the company name was changed to Panorama Meats and switched from producing natural grass-fed beef to organic grass-fed beef to meet needs of Whole Foods. A move which, according to Wood, was the best thing the company has ever done. It wasn’t an easy jump as Panorama Meats had just been dropped by their previous harvester/processor after BPI in Fresno sold to Cargill because their company was considered to be too small. Panorama then had to find a new processor close to their ranchers in northern California and get them certified organic as well. Eventually, Graves found Yosemite Valley Beef in Merced, CA and was able to convince them to obtain organic certification and begin business.

Today, Panorama’s participating family ranchers span nine states and over one million acres of USDA Certified Organic grasslands in Northern California, Southern Oregon, Wyoming, Montana, Idaho, South Dakota, New Mexico, Nebraska and Colorado. Their cattle are raised on lush green pastures that feature a cow’s favorite foods—natural grasses, legumes and range forage. Panorama’s Organic Grass-Fed Beef is sold at more than 120 Whole Foods Market stores throughout Northern California, the Pacific Northwest, the Rocky Mountains, Florida, and the Southwest. Panorama Organic Grass-Fed Beef is also sold at 77 Brookshire Brothers in Texas. The company went from harvesting four head a month at its start to 100-120 per week.

In addition to Panorama Organic Beef, Western Grasslands Inc. has a sister line of natural, 100% grass-fed and grass-finished beef, Western Grassfed Beef. Western Grassfed Beef makes up a much smaller portion of WGI (Western Grasslands Inc.), as it is only sold in nine Mollie Stone’s Markets in the Bay Area of California. So to increase the sales and grow the Western Grassfed Beef brand, WGI entered unchartered territory and launched a new website for Western Grassfed Beef that allowed consumers to order grass-fed beef and have it delivered directly to their door. Before Western Grassfed Beef was rebranded in 2014, the natural grass-fed beef was marketed as Panorama Natural Grass-Fed Beef and only sold at a few small grocery stores in Texas.

Today, grass-fed beef is no longer a tiny portion of a niche market, and Panorama Meats is continuing to look for ways to grow both their organic and natural lines. Growth continues to be a struggle for the company as they have limited staff resources, a growing number of competitors, and contracts with their largest customers that making finding new outlets very difficult. 

Production, Processing, and Sales

The road from the rancher to the retail market has many stops, especially when you are supplying natural and organic grass-fed beef. The road starts with Panorama’s Production Manager, Wayne Langston, working with Panorama’s partnering ranchers to determine cattle supply for the entire year. He works with ranchers from California to Colorado, contracting cattle on a cost-plus basis, ensuring the company has market ready beef at all times of the year. This task gets even more complicated, as Whole Foods requires cattle be sourced as locally as possible to the region in which it is being sold. As a result, Panorama is constantly working to find new producers that can meet the requirements necessary to achieve GAP and organic certification. Currently, Panorama has over 45 partnering ranchers in three regions, Northern California, the Pacific Northwest, and the Rocky Mountain region (Exhibits 15-17).
After the cattle are contracted, the ranchers send their finished cattle to one of two harvesting facilities based on the region of the ranch. Cattle from Northern California and the Pacific Northwest go to Yosemite Valley Beef (YVB) in Merced, CA. YVB harvests the animals and breaks them down into subprimals and trim. The subprimals (Exhibit 18) and some of the trim are sent directly to the Whole Foods distribution center and from there, different Whole Foods Markets or other retail stores that will break them down to retail cuts (Exhibit 19) or grind them in 85% lean/15% fat or 90% lean/10% fat ground beef. The remainder of the trim is sent to Certified Meat Products in Fresno, CA where it is ground and packaged into 1lb. bricks (Exhibit 20).

The cattle that are sourced from the Rocky Mountain Region are sent to Brush Processing in Colorado to be harvested, and the carcasses then go to Brush’s sister company, Rocky Mountain Natural Meats, to be broken down into subprimals and ground into 1lb. bricks before being sent to the retail customers. The beef that is procured for Western Grassfed Beef is also harvested as Yosemite Valley Beef and then packaged subprimals are sent to Certified Meat Products where they are broke down into retail cuts and sent to online customers from CMP every Tuesday. Western Grassfed Beef currently offers, 1lb. bricks, ground beef patties, New York strip steaks, ribeye steaks, tenderloin steaks, stew and kabob meat, and beef femur bones (Exhibit 21).

Whole Foods Market makes up over 90% of Panorama’s retail sales. A much smaller percentage of the company’s business goes to Abundant Harvest in Texas, and Brookshire Brothers (Exhibit 6). The 1lb. ground beef bricks are Panorama’s top selling product and are currently in 2014 were carried in over 200 Whole Foods Markets in 2014 (Exhibit 8). With Northern California representing the largest customer out of the six Whole Foods regions (Exhibit 5).

**Global Animal Partnership Certification**

Along with organic certification, another of the major transitions Panorama had to accomplish to serve Whole Foods was a Global Animal Partnership (GAP) certification. Whole Foods uses GAP 5-Step™ Animal Welfare Rating Standards in every Whole Foods Market store throughout the United States and Canada. GAP is a non-profit organization that focuses on improving farm animal welfare; their 5-Step Standards are a tiered system that ranks animal welfare practices and conditions used by producers. Independent third-party certifiers audit production operations in accordance with GAP criteria, in which even a Step 1 certification is a considerable accomplishment above industry standards.

Panorama is classified as a Step 4 operation by GAP standards, meaning they have achieved all previous steps as well. A simplified explanation of the steps follows, however there are many other specific requirements that must be achieved for these to be met.

1. No cages, crates, or crowding
2. Enriched environment
3. Enhanced outdoor access
4. Pasture-centered
5. Animal-centered: no physical alterations
5+ Animals live entire life on single integrated farm
**Competition**

While grass-fed beef makes up an extremely small portion of the United States beef industry, it is a subsection of the market that has been growing rapidly in the last 10 years. With this growth, it is only natural the competitors of Panorama Beef continue to grow and expand, on the western front specifically.

*Sun Fed Ranch*

Sun Fed Ranch is a grass-fed beef company located in Northern California with cattle grazing from the Sacramento Valley to the Klamath Basin. Sun Fed prides itself on supplying both “natural” and “organic” labeled beef products all held under the same standards of cattle being grass-fed and finished, not treated with antibiotics, no added hormones, humanely treated, free range foraging, family raised, and of angus-based genetics. Much like Panorama, Sun Fed promises only the highest quality pasture-raised beef products and takes the necessary steps to obtain organic certification for one line of products. Sun Fed signs an affidavit every 120 days to label some of their products as “natural”. Sun Fed Beef has also released a new line of value-added products called “Skillets” that include their grass-fed beef in addition to fresh cut vegetables over rice, which can be prepared in 5 minutes. Sun Fed Ranch also markets their products as sustainable and local, and the marketing team provides recipes and grass-fed beef cooking tips.

*Eel River Grass-fed Beef*

Eel River Grass-fed Beef is also located in Northern California in Eel River Valley in Humboldt County. Contrary to Sun Fed Ranch and Panorama, Eel River Grass-fed Beef is 100% certified organic, grazing their cattle on only organic pastures. Eel River Grass-fed Beef prides itself on being at a step 4 rating of the Global Animal Partnership as “pasture-centered” animals, being a steward of the land, and having an extensive line of products. While Eel River lacks value-added products, they sell organic beef ribs, steaks, ground beef, roasts, beef extras, and even products suitable for dogs—all online, in addition to selling to retailers such as Whole Foods, Superior Farms Atkinson’s Market, among other smaller retailers. While Eel River Grass-fed Beef does not have an available selection of value-added products, they have a large retail presence and also sell direct to consumers.

*Bear River Valley Beef*

Bear River Valley Beef is another grass-fed beef company headquartered in Northern California in Ferndale. Unlike Panorama and the rest of the competitors listed above, Bear River Valley Beef sales do not include organically-raised products. Their company is comprised of two completely historic ranches that are not organically maintained. Their cattle are guaranteed to be free of any hormones and antibiotics, and they are categorized as “naturally” raised on green pastures for the duration of their lives. Unlike Sun Fed Ranch, cattle at Bear River Valley are not all angus-based as they also have shorthorns and Herefords blended with the genetics of Red Devons which is a breed leader in sustainable grass-fed production. Their online store selection
includes sides of beef, ground beef, hot dogs, sausage, and jerky, individual cuts of meat, as well as organ meats. In addition to online sales, Bear River Valley Beef also sells direct to consumer at the Garberville Farmers’ Market, retail sales at six Northern California markets, and at a number of local restaurants. Their marketing team also provides a number of different recipes for each cut of beef, and there are currently no value-added products in their inventory.\textsuperscript{73}

**Company Concerns**

*All of Their Eggs In One Basket*

Panorama wants to grow its sales but has a gentlemen’s agreement with the Whole Foods Market in areas where they are dominant, so they aren’t able to sell to more stores in their main region of operation. With Whole Foods’ representing over 90\% of Panorama’s business (Figure 7), it could be very dangerous to jeopardize their relationship or risk losing their business. However, it is also very dangerous for the company to put all of their eggs in one basket. Panorama is at the mercy of Whole Foods and losing even a small portion of their business has hurt the company in the past, and could continue to do so. In order to keep their contract with Whole Foods and expand the regions in which Panorama Meat is sold, the company has to find ranchers as close as possible to their region of operation to source from—which is a difficult task when you are looking for ranchers that are GAP-Step 4 and organically certified. Therefore, Panorama has to decide whether to work harder on sourcing cattle so they can expand to other regions of Whole Foods or if they should branch out and try finding other customers to sell to, which would undoubtedly put them at risk losing for some business with their largest company.\textsuperscript{74}

*Branding the Beef*

In 2014, WGI decided they wanted to enter the cyber world and jump on the online sales bandwagon. However, as online sales were uncharted territory, the company did not want to put the brand of Panorama Meats at risk. If the project failed it could deface the Panorama name and contrastingly, if the project was too successful having the name of Panorama on the forefront could jeopardize their relationship with Whole Foods.\textsuperscript{75}

After much debate, the company decided to go with their Western Grassfed Beef brand for the online sales. This move had its benefits but also came with some complications. Western Grassfed Beef was only being sold in nine Mollie Stone’s Markets in the Bay Area of California so the brand was pretty unknown, whereas Panorama is better known by the target market and would not have required additional branding. Another complication of jumping into the online sales business was the vast number of competitors.\textsuperscript{76}

With only nine employees and limited staffing, it is hard for employees to focus their attention on big projects, making project completion more cumbersome. As a result, getting the online sales website and processing up and running took much longer than desired and the website was not launched until November of 2015. Since the launch of the website in November, Western Grassfed Beef had only 20 online sales by the end of January 2016. In an effort to compete with their numerous competitors and make up for the time that was lost getting the website going,
WGI decided to look into an outside marketing company to help brand Western Grassfed Beef. They hired Half a Bubble Out, a marketing company out of Chico, CA to develop the brand so they could assist in developing a consumer base and grow sales.77

*Bargaining for Beef*

The phrase “don’t shoot the messenger” could not be more fitting for what Panorama does. Working as the middleman for the ranchers and retailers can be a messy job and working with a product that operates in an extremely volatile market doesn’t help matters. The ranchers that produce for Panorama are asked to jump through lots of hoops in order to sell their beef as Panorama Organic Grass-Fed Beef. Going through the GAP and organic certification processes every year is not an easy or quick task. Producing market ready beef cattle can also be a difficult task when the ranchers are required to grow their cattle entirely on grass and forages and meet the organic standards.78

There is no doubt that it is cheaper and easier to produce non-organic, conventional beef. As a result the company has to be able to pay producers a premium (25-30%) to offset the economic impact of producing organic. The company is also forced to compete with current cattle prices, which can lead to an inadequate cattle supply or increased cattle costs. As in all businesses, these increased costs translate to the finished product and a company as large as Whole Foods is not always the most willing to accept price increases. So when the company experiences years emulating this past year where cattle prices were through the roof, it becomes increasingly difficult to keep both sides happy.79

To fill the gaps in cattle supply when cattle prices are high and producers choose to sell their cattle on the commodity market or video sales instead, Panorama Meats decided to create Panorama Cattle Company (PCC). PCC is an organic certified livestock handling operation that buys organic cattle and finishes them on leased organic certified property or sends them to other Panorama producers to finish out. Panorama is also working on strengthening their relationship with their partnering ranchers in order to increase the rancher’s commitment to company in times when they have better alternatives.80

*Where To Go From Here*

It’s hard to say where the new path Darrell Wood and Panorama have paved will go from here, but one thing can be said for sure, grass-fed beef is a trend that is here to stay. The niche market that Panorama originally started operating in is growing every day. As the “Foodie Culture” places a higher importance on knowing where their food is coming, making more healthy and environmentally-conscious eating decisions, more and more cattle rancher’s will merge on to the path Panorama has helped to pave. Panorama will continue to face challenges and will have to continue to adapt to new competition, new market trends, and new consumers. As long as
Panorama maintains the original values that were used to develop the company, keeps its strong and unique relationship with its ranchers, and continues to tell its story it will remain a strong player in the grass-fed beef industry.
Appendix

Exhibit 1

![Beef Exports Over Time](chart1.png)


Exhibit 2

![Domestic Beef Consumption Over Time](chart2.png)

Exhibit 3


Exhibit 4

Provided By Panorama Organic Grass-fed Meats
Exhibit 5

Whole Foods Ground Beef Orders by Region

Provided By Panorama Organic Grass-fed Meats

Exhibit 6

Ground Beef Orders by Customer

Provided By Panorama Organic Grass-fed Meats
Exhibit 7

**2014 Year in Review**

*Cattle Harvested*

Exhibit 8

**2014 Sales**

- **PM Organic**
- **PM Natural**
- **WGB Natural**

Provided By Panorama Organic Grass-fed Meats
2013 Sales

Exhibit 9
Provided By Panorama Organic Grass-fed Meats
Exhibit 10

2012 Sales

Provided By Panorama Organic Grass-fed Meat

Exhibit 11

Selected Qualities That Consumers Consider Important When Making a Meat, Poultry or Seafood Purchasing Decision, June 2013 (U.S. Adults)

<table>
<thead>
<tr>
<th>Quality</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hormone and Antibiotic Free</td>
<td>37%</td>
</tr>
<tr>
<td>Grass-Fed, Pastured, Free-Range</td>
<td>28%</td>
</tr>
<tr>
<td>Humanely Raised</td>
<td>27%</td>
</tr>
<tr>
<td>Organic</td>
<td>22%</td>
</tr>
<tr>
<td>Sustainability</td>
<td>20%</td>
</tr>
<tr>
<td>None of the Above</td>
<td>35%</td>
</tr>
<tr>
<td>9% Not Applicable/Don’t Buy These Products</td>
<td>9%</td>
</tr>
</tbody>
</table>

Note: Figures are based on a national online consumer panel of 2,000 U.S. adults (age 18+) that was balanced to Census on the primary demographic measures of gender, age bracket, race/ethnicity, geographic region, marital status, presence of children in the household, and household income.

Source: Packaged Facts/CCD Innovation June 2013 survey

Provided By Academic Market Research

Exhibit 12
Provided By Panorama Organic Grass-fed Meats

Exhibit 13

<table>
<thead>
<tr>
<th></th>
<th>Typical Natural Beef Program</th>
<th>USDA Certified Organic Beef</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antibiotic use</td>
<td>Not Allowed</td>
<td>Not Allowed</td>
</tr>
<tr>
<td>Ionophore use (such as Rumensin)</td>
<td>Typically Not Allowed</td>
<td>Not Allowed</td>
</tr>
<tr>
<td>Implant use</td>
<td>Not Allowed</td>
<td>Not Allowed</td>
</tr>
<tr>
<td>Feed containing mammalian protein or by-products</td>
<td>Not Allowed</td>
<td>Not Allowed</td>
</tr>
<tr>
<td>Feed from non-organic sources (such as fertilized pastures)</td>
<td>Typically Allowed</td>
<td>Not Allowed</td>
</tr>
<tr>
<td>Other restrictions</td>
<td>Each Program Varies</td>
<td>Extensive</td>
</tr>
<tr>
<td>Certification</td>
<td>Producer Signs an Affidavit</td>
<td>USDA Certification</td>
</tr>
<tr>
<td>Regulation/auditing</td>
<td>Branded Program</td>
<td>USDA Audits</td>
</tr>
</tbody>
</table>

*Source: Cattle-Fax


Exhibit 14
### Exhibit 15

<table>
<thead>
<tr>
<th>Step 1</th>
<th>No crates, no cages, no crowding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animals live their lives with more space to move around and stretch their legs.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 2</th>
<th>Enriched environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animals are provided with enrichments that encourage behavior that's natural to them — like a bale of straw for chickens to peck at, a bowling ball for pigs to shove around, or a sturdy object for cattle to rub against.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 3</th>
<th>Enhanced outdoor access</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pigs, chickens and turkeys might live in buildings but they all — yes, each and every one of them — have access to outdoor areas.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 4</th>
<th>Pasture centered</th>
</tr>
</thead>
<tbody>
<tr>
<td>When living outdoors, chickens and turkeys get to forage, pigs get to wallow and cattle get to roam.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 5</th>
<th>Animal centered; all physical alterations prohibited</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Step 5 the well-being of the animals is the primary focus; efficiency and economy are secondary.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 5+</th>
<th>Animal centered; entire life on same farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animals raised to Step 5+ standards must be born and live their entire lives on one farm.</td>
<td></td>
</tr>
</tbody>
</table>

Provided By Panorama Organic Grass-fed Meats

Exhibit 16

Provided By Panorama Organic Grass-fed Meats

Exhibit 17
Provided By Panorama Organic Grass-fed Meats

Exhibit 18

Provided By Panorama Organic Grass-fed Meats

Exhibit 19
Provided By Panorama Organic Grass-fed Meats

End Notes


First research. Cattle Ranching. Naics 11211. Sic 0211, 0212


31 First research. Cattle Ranching. Naics 11211. Sic 0211, 0212


