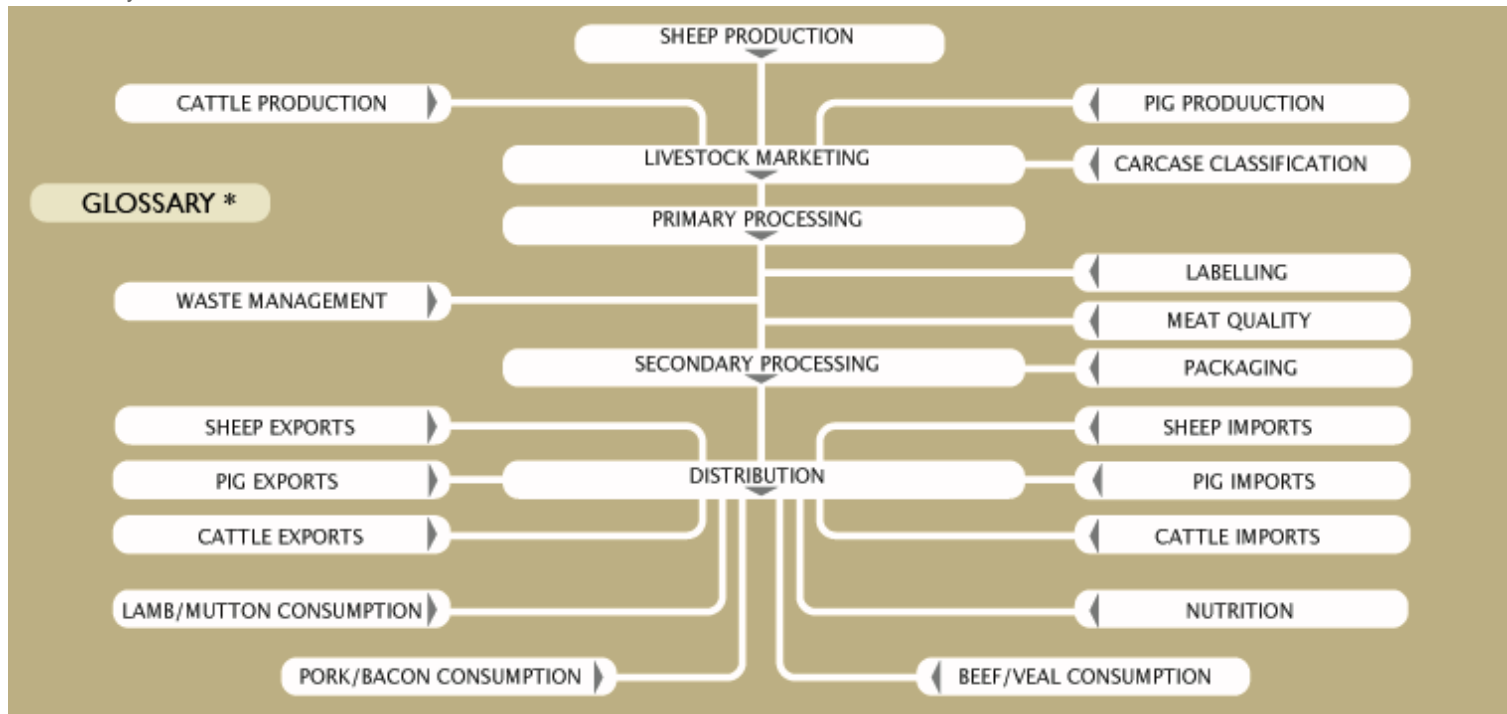


Click on any label to access further information



* Click here to access the glossary of carcass and meat terminology

The red meat supply chain



The livestock and meat industry is made up of a complex network of individual companies of all sizes. They are all involved in the production of meat from farm to plate and work within specific supply chains.

The supply chains in the cattle, sheep and pig sectors have the same six functional stages, made up of:

1. Inputs - the provision of inputs to livestock production
2. Livestock production
3. Livestock marketing
4. Primary processing
5. Secondary processing
6. Distribution

The activities of the companies that operate within these stages define their roles as 'agents' within the supply chains. They are connected by a variety of business relationships. The main agents within the meat industry's six functional supply chain stages are:

Functional stages of supply chain	Main agents	
Inputs	Agricultural suppliers of feed, veterinary products, machinery, farm consumables etc. Made up of independent companies, farmer-owned companies and supply co-operatives.	
Livestock production	Livestock breeders <u>Store</u> stock farmers <u>Finished</u> stock farmers Integrated farmers	
Livestock marketing	Producer marketing groups Dealers and buying agents Auction markets (who handle sales of both finished, store and breeding stock) Individual farmers – private sale (with both finished and store sales increasingly being facilitated by internet web site aids)	
Primary processing	<u>Abattoirs</u> <u>Cutting</u> plants Minced meat and meat preparation plants Cold stores Integrated plants carrying out more than one of these functions	
Secondary processing	Catering butchers Retail packers Plants preparing meats and recipe products e.g. sausages, burgers, reformed products Manufacturing plants for cooking, <u>curing</u> , canning, ready meals Integrated plants carrying out more than one of these functions	
Distribution	Meat wholesalers e.g. meat suppliers, depots, traders, importers, exporters, specialist foodservice suppliers Supermarkets Traditional butchers Independent grocers Direct sale outlets e.g. farm shop, farmers market, delivered/box scheme Foodservice companies supplying both the private and the public sector	

Within the supply chains for beef, lamb and pig meat the activities of the agents can be integrated both within and between the functional stages, and it is this level of integration that is the major factor that differentiates the supply chains. To give five examples:

1. A typical supermarket supply chain for pork involves:

- a. Independent pig farmers.
- b. Direct marketing of pigs from farm to abattoir (this accounts for 99% of pigs sold) – either through a producer marketing group (abattoir has supply contract with the group) or via buyers' agents direct to abattoir (farmer has supply contract with abattoir and the stock is purchased on a deadweight basis).
- c. Integrated processing – slaughter, cutting, retail packing, delivery to retailers' central distribution depot for onward transfer to supermarkets. In 2005 there were six large integrated pig processing companies.
- d. Supermarkets – these account for 80% of pork and 83% of bacon sales.

2. A typical supermarket supply chain for beef and lamb is similar to that for pork except:

- a. There is a lower proportion of direct marketing via producer marketing groups and much more involving buyers' agents direct to abattoir (the stock will be purchased on a deadweight basis but supply contracts with abattoirs are not common). Only a small proportion of stock that is marketed through auction markets enter this supply chain.
- b. There are a larger number of integrated processors. In 2005 there were 12 companies with 22 abattoirs accounting for 59% of cattle slaughterings and 11 companies with 19 abattoirs accounting for 45% of sheep slaughterings.
- c. Supermarkets – account for 80% of beef and 70% of lamb sales.

3. A traditional butcher supply chain for beef, lamb and pork involves:

- a. Independent livestock farmers.
- b. Livestock marketing – through a variety of channels i.e. liveweight via auctions, deadweight via agents/dealers or direct to abattoir.
- c. Primary processing – slaughter and cutting into primal joints through small or medium sized abattoirs. The butcher may be the slaughterer or alternatively may purchase the animal from farm or market and contract the abattoir to carry out slaughter.
- d. Wholesale distribution of part carcass. It is estimated that over 80% of butchers purchase some or all of their meat as boneless primal joints.
- e. Butchers – account for 14% of beef and pork and 25% of lamb sales.

4. A typical foodservice supply chain, post **abattoir**, involves:

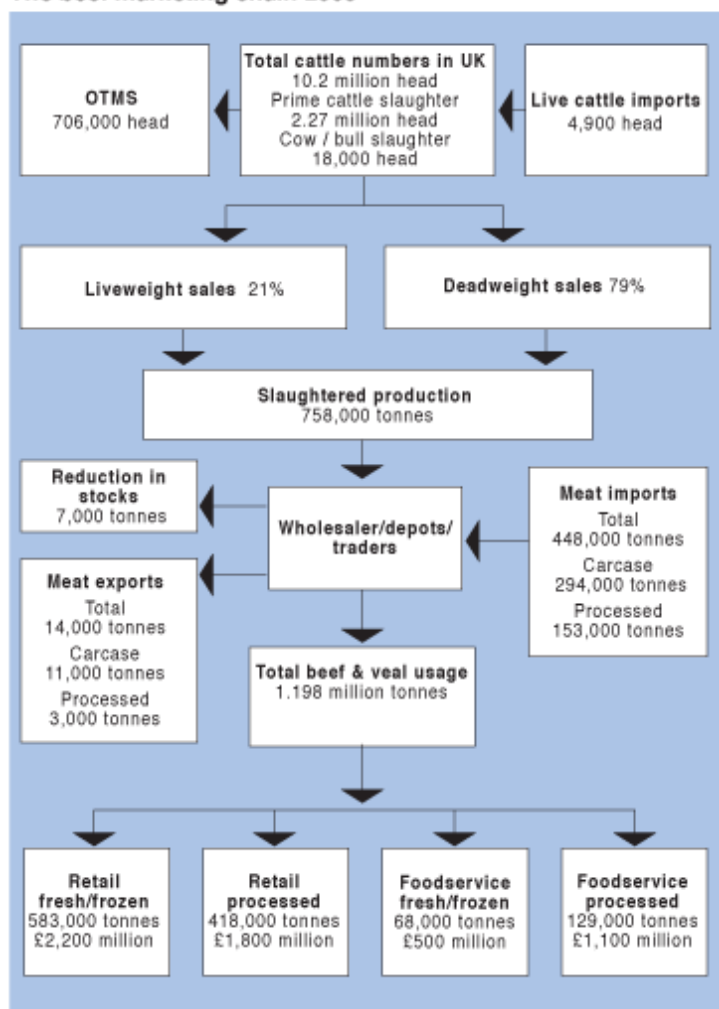
- Primary processors and/or integrated primary and secondary processors – most would sell either to foodservice companies or to specialist secondary processing companies that supply foodservice companies.
- Secondary processing – involves catering butchers that break meat down into catering portions, plus catering processors, particularly those that make ready meals for the catering sector.
- Butchers – many supply local catering outlets e.g. restaurants, pubs, hotels, local education authorities. This could account for over 25% of their total throughput.

5. Farmer direct sale, typically involves:

- Slaughter** – animals transported by farmer direct to **abattoir** for 'service **slaughter**' i.e. farmer pays for the cost of slaughter. This usually involves small and medium sized **abattoirs**.
- Cutting** – either carried out at the abattoir (for a fee) or at other **cutting** premises or those owned by the farmer.
- Retail/catering sale – from the farm shop, farmers market or direct delivery.
- The chain is integrated in a micro way with the producer retaining ownership of the livestock and meat.

Within all these chains there is both a physical flow of product from the farmer through to the end consumer and a flow of value from the end consumer back down the supply chain to the farmer.

The beef marketing chain 2005

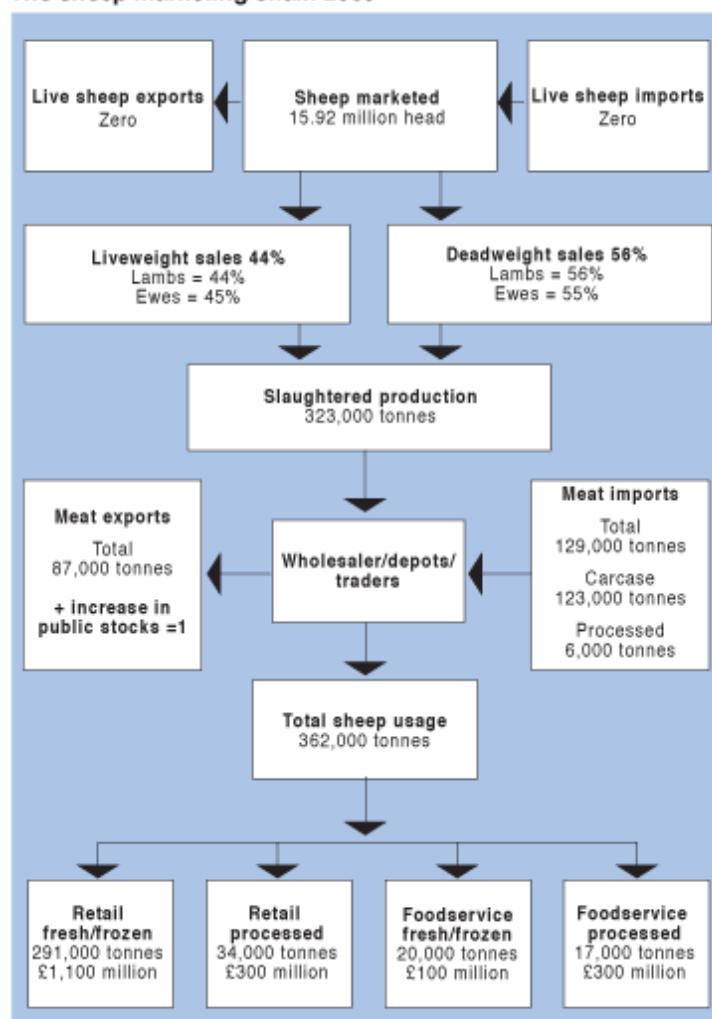


Volumes are carcass weight equivalent

Foodservice expenditure based on assumption of 100% mark up across the board

Source: MLC

The sheep marketing chain 2005

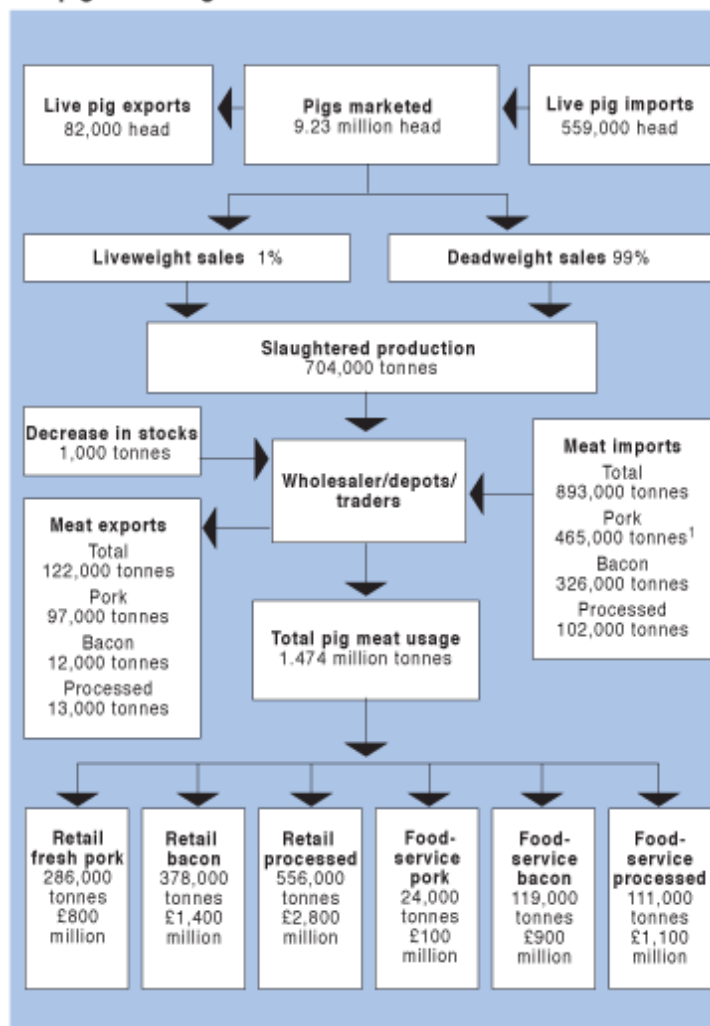


Volumes are carcass weight equivalent

Foodservice expenditure is based on assumption of 100% mark up across the board

Source: MLC

The pig marketing chain 2005



1. Includes pork imports which are subsequently cured in the UK
 Volumes are carcass weight equivalent
 Source: MLC

Farm and Foodchain Assurance schemes

Farm and foodchain assurance schemes are designed to reassure buyers at the various stages of the supply chain and the end consumer that legally required, stated minimum or 'best practice' standards are being achieved in the production process. For parts of the industry there exist integrated quality assurance systems covering the whole supply chain.

All aspects of farm and foodchain assurance systems are subject to independent auditing and operate to the internationally recognised standard EN45011.

For more information:

Services, publications and websites

[A pocketful of meat facts - MLC Economics](#)