

ANIMAL SCIENCE

Title: Determinants of Profitability in Alternative Swine Production Systems – NPB #10-177

revised

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Scientific Abstract

Production records for swine producers specializing in niche markets (e.g., natural) are analyzed to determine the factors impacting profitability. The data span a cross section of 42 niche pork producers and record their 2006 production costs. Profitability was measured by the net margin (adjusted for inventory and after all costs) per hundred pounds of pork produced. In comparing the 10 most and 10 least profitable producers, there were statistically significant differences in production costs (feed, labor, and other operational costs) and efficiency (feed conversion, labor intensity, and farrowing frequency). Notably, there was not a statistically significant difference in the price received for market hogs. Multiple regression analysis shows that 82% of the variation in profitability across producers is explained by feed costs, labor efficiency, production efficiency, management experience, and the production of more specialized niche pork (e.g., certified organic). Profit margins were negatively impacted by greater feed prices, feed conversion rates, labor intensity, and veterinary expenses. Profit margins were enhanced by greater farrowing efficiency (pigs per litter and farrowings per year), years of niche pork production experience, and the marketing of “certified organic” pork.

These research results were submitted in fulfillment of checkoff-funded research projects. This report is published directly as submitted by the project's principal investigator. This report has not been peer-reviewed.

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