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**AN INITIAL ANALYSIS OF THE MINK OIL MARKET:
PRELIMINARY REPORT TO MORGAN COUNTY, UTAH**

By

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**AN INITIAL ANALYSIS OF THE MINK OIL MARKET:
PRELIMINARY REPORT TO MORGAN COUNTY, UTAH**

by
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January 19, 1994

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Introduction

Presently, all mink fat in Utah is rendered and marketed as a low grade oil used primarily in livestock feed rations (Fenn). Processing mink oil in this form fits well into the operations of established rendering facilities in the state, since the supply of mink fat is seasonal and is easily processed with other animal fats.

Other uses of mink oil, besides for animal feed, may offer higher returns and provide new business opportunities for the Utah mink industry. Highly refined mink oil is used in the manufacture of cosmetics, and mink oil can be marketed as a leather care product (Durrant). These uses provide possible opportunities for developing value-added markets for Utah mink oil. A background on these uses of mink oil is presented in the following discussion.

Industry Overview

Obtaining information about the markets for mink oil used in cosmetics and leather care is difficult. Participants in these markets are reluctant to provide detailed information since they believe their marketing position may be compromised. However, telephone conversations with various mink farmers as well as cosmetic and leather care companies have provided enough information to produce a general overview of existing mink oil markets.

The Emulon Company, located in Kenosha, Wisconsin, is possibly the nation's largest processor of mink oil. The management at Emulon was not willing to provide product information or price lists. However, in a later conversation, an Emulon employee indicated that the company obtains mink fat from Wisconsin farmers on a contract basis.

According to the Wisconsin Department of Agriculture, most of the mink fat in that state is rendered and sold as a low grade oil used in livestock feed rations (Smith). This suggests that only a small percentage of the available mink oil is further processed beyond the feed grade stage.

The market for value-added mink oil is relatively small and is dominated by a few well established firms. The market is also mature and may even be declining. For example, the management at Emulon indicated that the volume of their mink oil business has been reduced substantially in recent years as a result of the animal rights movement. Cosmetic companies are under pressure from animal welfare organizations to eliminate the use of animal products in cosmetic manufacture (*The Compassionate Shopper*).

To penetrate the market for value-added mink oil, a Utah company must capture market share from existing firms. This is possible only if a Utah company can provide a high quality product at a price lower than that of established companies.

Value Added Mink Oil Markets

One market for highly processed mink oil is cosmetics. Rosemary Collections, a company that manufactures and markets cosmetics, expressed a willingness to consider new vendors of refined mink oil. The company uses mink oil in skin care products such as lotions and creams (Monroe). However, Rosemary Collections did not provide information on prices paid for refined mink oil.

The Croda Company purchases highly refined mink oil and specializes in processing a triple refined mink oil product. A buyer for Croda also expressed a willingness to consider new vendors and indicated that the company pays from \$2.30 to \$2.50 for highly refined mink oil.

Although the Emulon company was not willing to provide information on prices received for their products. The manager of a cosmetic laboratory in Washington indicated that Emulon's refined mink oils are sold for \$3.50 to \$4.00 a pound (Lanz). Avon also uses mink oil in some of their cosmetics. Representatives of Avon were contacted but did not return telephone calls.

Mink oil can also be marketed as an input for leather care products. Kiwi Brands Inc. markets mink oil for leather under their own and various other brand names. Kiwi mink oil is sold by large retailers such as K Mart and JC Penney. A buyer at Kiwi provided product specifications but was unwilling to disclose price information. However, the buyer explained that to supply

mink oil to Kiwi, a new vendor must offer the company at least twenty thousand dollars in annual savings. The new vendor's product must then be tested in all relevant Kiwi products. In short, Kiwi's buyer indicated that it would probably be difficult for a new company to become an approved vendor (Cesello).

Another possibility is to manufacture leather care products and market them locally. These products could be marketed through shoe stores in Utah and elsewhere. Original Mink Oil Inc., located in Portland, Oregon, markets basic leather care products in this manner.

Large shoe companies sell mink oil products in their retail stores. The Kinney Shoe Company and the Wohl Shoe Company were contacted. Both companies indicated that the mink oil products marketed under their authority are purchased from outside manufacturers. Selling mink oil products to major shoe companies is another possible marketing alternative.

Refining Process

Mink fat collected from farms must first be rendered to remove impurities and cracks (pieces of flesh contained in the fat). The volume of raw mink fat renders down to approximately 30 to 35 percent usable product (Fenn). The desirable oils can then be separated from rendered mink oil by the use of a fractional distillation process. Roughly one half of the rendered mink oil is suitable for cosmetic purposes, the remainder is adequate for use in leather care products (Durrant).

Operating a full scale rendering operation is probably not feasible for a company focusing specifically on value added uses of mink oil. To be profitable, a rendering operation must process at least one million pounds of product per year (Pilton). In 1991 Utah mink farms produced 670 thousand pelts (USDA). With an average of three quarters of a pound of fat per mink (Miner), roughly 503 thousand pounds of raw fat are produced annually in the entire state. To be profitable, a rendering facility would have to process other products when mink fat is not available.

The owner of an existing rendering facility in Utah indicated a willingness to consider the possibility of rendering mink fat under contract with a company interested in marketing further processed mink oil. The renderer could process the mink fat to a low grade oil stage but would have to thoroughly clean the system in preparation for rendering straight mink oil (Fenn).

Currently renderers receive about 13 cents per pound for the low grade mink oil they sell to livestock feed companies. To compensate the renderer for the cost of cleaning the system, the contractor would be required to pay an estimated premium of 10 cents above the base price usually paid for feed grade mink oil. This premium would vary with the volume of mink fat processed (Fenn). An estimated cost in of 23 cents per pound is probably competitive with the costs of other companies specializing in value added uses of mink oil.

The mink oil could then be refined to meet the requirements of various target markets. More technical information is needed

on the fractional distillation process before actual costs of servicing certain markets can be determined.

Conclusion and Recommendations

1- It may be possible to develop profitable markets for highly processed Utah mink oil.

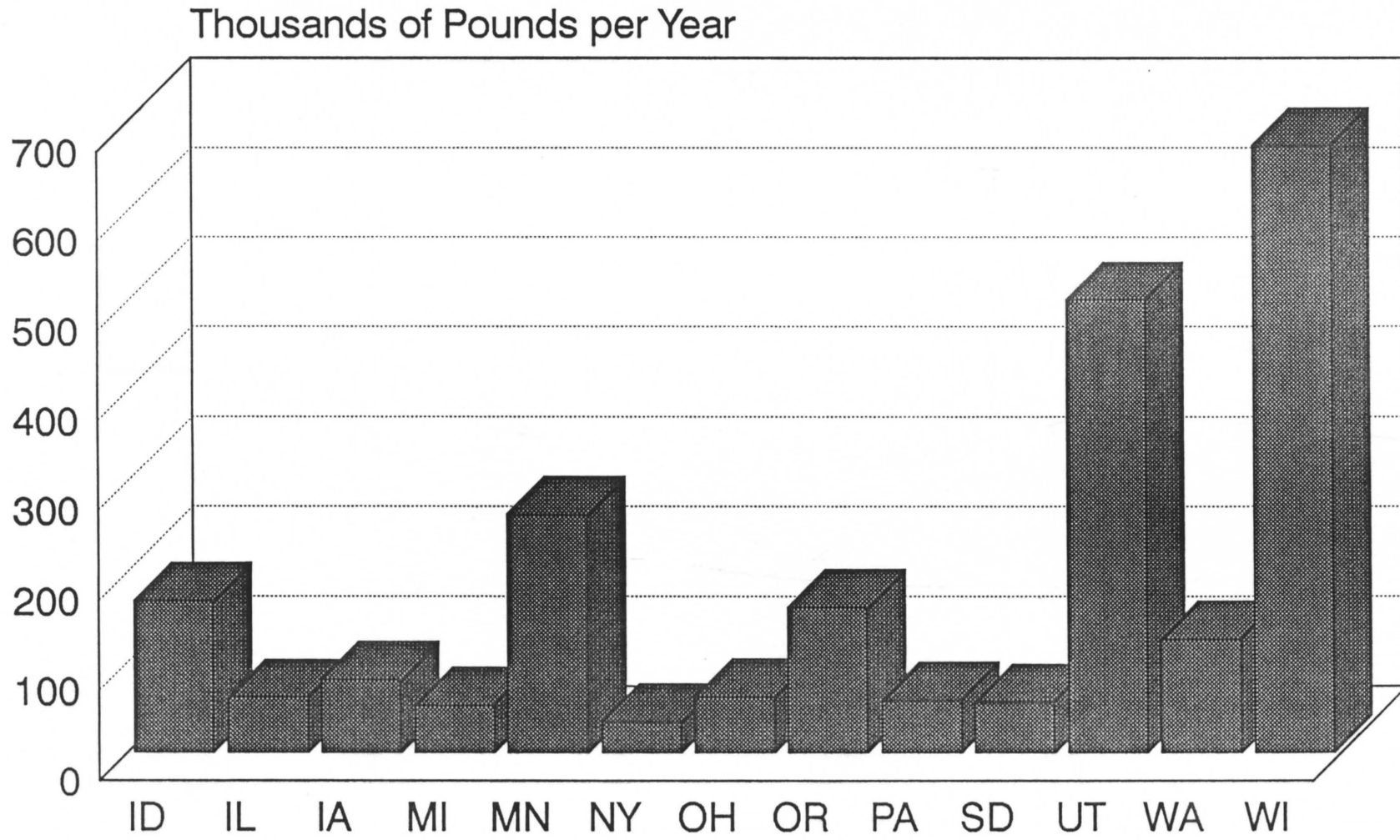
2- Conclusion 1 cannot be verified until additional information concerning the costs of the refining processes are obtained.

3- We recommend that if the Utah mink industry pursues value-added mink oil markets further, Dr. Gary Durrant be contacted as an initial consultant on the refining process.

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- Monroe, Bobby, Rosemary Collections. Personal Communication.
- Smith, Jim, Wisconsin Department of Agriculture Marketing. Personal Communication.
- United States Department of Agriculture, National Agricultural Statistics Service. *Mink*. Washington D.C. July 23, 1992.
- Wohl Shoe Company. Personal Communication.

Major Sources of Mink Oil



Estimates based on USDA pelt production data

Phone List

Avon Cosmetics (Purchasing)	914-369-2062
Croda Company (Purchasing)	717-748-7796
Dubbs Co. (Craig Pilton)	310-929-3996
Durrant, Dr. Gary	801-566-1234
Emulon Mink Oil (Kenosha, WI)	414-654-0734
Fenn, Don	801-756-2047
Kinney Shoe Co. (Vicky Aneser)	212-720-3700 ext 4026
Kiwi Brands (Andrew Cesello)	215-385-9393
Rosemary Collections (Bobby Monroe)	704-393-1860
Wisconsin Dept. of Ag. (Jim Smith)	608-266-7170