

11. U.S. Beef Demand: Recent Project Synthesis and Expert Views on the Next 10 Years

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Abstract/Summary

This session will overview findings and implications of a recently completed domestic beef demand project. Discussion will cover the relative impact of different demand drivers and feasibility of the industry influencing these drivers.

Risk & Profit CONFERENCE



K-State Dept. of Agricultural Economics
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Congress and Bulls
 and Bears, Oh my!
**KANSAS STATE
 UNIVERSITY**
 Department of Agricultural Economics

Beef Demand: Recent Determinants and Future Drivers

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Research Project completed for the
 Cattlemen's Beef Board

Purpose

Our Goal

Identify drivers shaping future domestic beef demand
 emphasizing factors industry can use to prioritize strategies

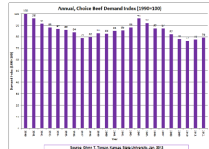
Objectives

- Determine:
 - beef demand drivers
 - ability of industry to influence drivers
- Provide recommendations for demand enhancement

Procedure

Importance & Feasibility to Influence Future Beef Demand 10 Years Forward

Published work
 - 15 attribute rank
 - 22 willing to pay
 ~25,000 respondents



Demand Expert Survey
 -159 experts
 Steak & Ground Beef



Consumer Survey
 -975 respondents
 Steak & Ground Beef

Expert Survey

Determine collective expert opinions on:

- Ranking beef demand drivers
- Ranking feasibility of industry to influence drivers

Who were they?

Last 20 years US published research on:
 "beef demand"; "beef quality"; "beef nutrition"
 + LMIC Technical Advisory Committee

159 beef expert complete respondents
 69% economists
 11% meat and/or food scientists
 11% meat industry executives
 7% animal scientists
 2% medical researchers



7 Salient Beef Demand Drivers

- Food Safety (*E. coli, Salmonella, Listeria...*)
- Product Quality (*Fresh, Taste, Tender, Convenience ...*)
- Price (*\$ per pound*)
- Nutrition (*Protein, Iron, Zinc...*)
- Health (*Fat Amount & Type, Cholesterol, Sodium...*)
- Sustainability (*Environment, Labor, Community...*)
- Social Aspects (*Welfare, Country of Origin, Natural...*)

"...by a wide margin **Product Quality** and **Food Safety** are ...the factors the industry can most feasibly improve upon to increase beef demand in the next 10 years"

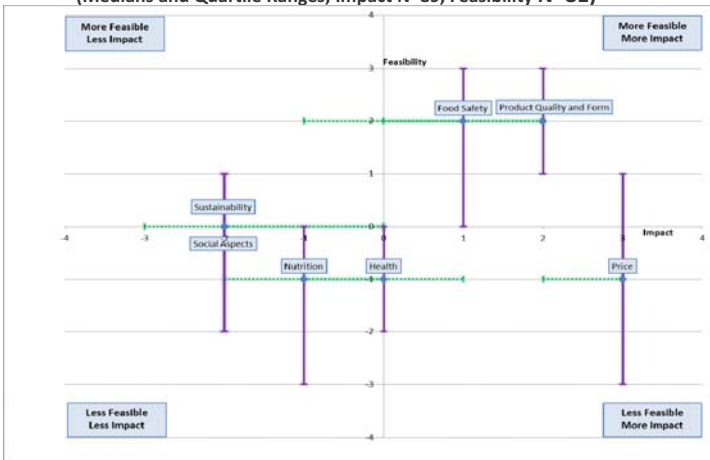
Product Attribute Rankings Across Information Sources, Ground Beef and Steak

	Beef		Ground Beef		Steak	
	Preference Studies	Consumer Survey	Expert Survey	Consumer Survey	Expert Survey	Expert Survey
1	Food Safety	Food Safety	Price	Food Safety	Price	
2	Price	Quality	Food Safety	Quality	Quality	
3	Health	Price	Quality	Price	Food Safety	
4	Quality	Health	Health	Health	Health	
5	Sustainability	Nutrition	Nutrition	Nutrition	Nutrition	
6	Social	Social	Sustainability	Social	Social	
7	Nutrition	Sustainability	Social	Sustainability	Sustainability	

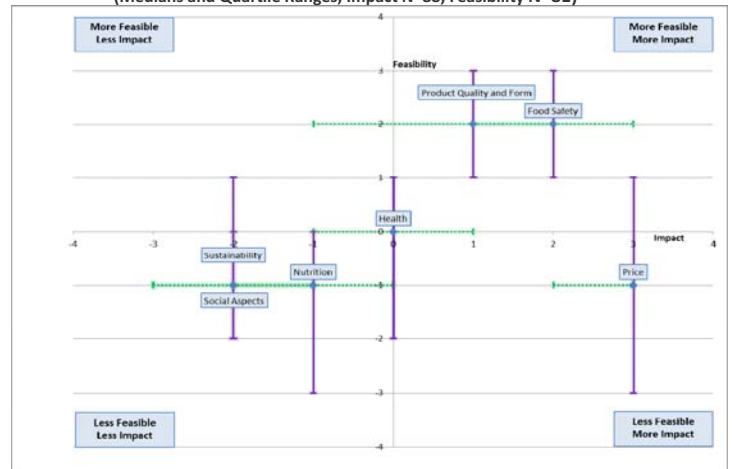
Expert Survey Ranking of Industry Ability to Influence Impact of Broad Factors on Per Capita Beef Consumption

Rank	Beef Product	
	Ground Beef	Steak
1	Product Quality	Product Quality
2	Food Safety	Food Safety
3	Health	Sustainability
4	Price	Social Aspects
5	Sustainability	Price
6	Social Aspects	Health
7	Nutrition	Nutrition

Demand Factors within Impact and Feasibility Space, Beef Steak
(Medians and Quartile Ranges; Impact N=89, Feasibility N=81)



Demand Factors within Impact and Feasibility Space, Ground Beef
(Medians and Quartile Ranges; Impact N=88, Feasibility N=81)



Ranked Priorities

- Highest Priority**
 - 1. **Food Safety**
 - 2. **Product Quality**
 - 3. **Price**
- Middle Priority**
 - 4. **Nutrition**
 - 5. **Health**
- Lower Priority**
 - 6. **Social Aspects**
 - 7. **Sustainability Dimensions**

Recommendations (Ranked)

1. **Invest in food safety enhancement & reassurance**
 - Essential domestically; also critical for exports
2. **Emphasize product quality consistency**
 - New products have role & certification programs
3. **Appreciate beef price and relative price sensitivity**
 - Technology adoption critical for price competitiveness
 - Assess food safety and product quality impacts
4. **Health and Nutritional aspects warrant attention**
 - Younger protein interest (tomorrow's high earners)
5. **Social and Sustainability issues cannot be ignored**
 - Communication and consumer education critical but lower demand enhancement payoff relative to other key areas

Important Needs for Future

1. **Lever retail scanner data improve demand monitoring**
 - Derive alternative demand indices to measure progress
 - Subcategory & regional analysis to better target strategies
2. **Need to know more about growing heterogeneity**
 - How industry optimizes demand for a more diverse consumer
 - Multiple demand enhancement strategies may make sense
3. **Changing information technology effect on demand**
 - Most effectively connecting to shoppers
 - Multiple media impacts on beef demand

Important Needs for Future

4. **Impacts of generational shifts on demand strategies**
 - What does millennial generation (1980-2000 births) demand?
 - Implications of growing Hispanic and Asian origins in US
5. **Global beef demand and US strategy**
 - Tremendous opportunity for global meat demand growth in next 10 years
 - Where and who will supply it?
 - Is US beef industry well-positioned to capitalize?



The screenshot shows a web browser window with the URL www.beefboard.org/evaluation/130612demanddeterminantstudy.asp. The page features the BEEF MyBeefCheckoff.com logo and navigation links: About Beef Board, State Beef Councils, Library, Newsroom, and Contact Us. A sidebar on the left contains categories: Promotion, Research, Consumer Information, Industry Information, Foreign Marketing, Producer Communications, Compliance, Evaluation, and Financial & Audit. The main content area is titled "2013 Beef Demand Determinant Study" and includes a sub-header "2013 Beef Demand Determinant Study". Below the title, there is a paragraph of text: "In Fiscal Year 2013, the Beef Checkoff Program commissioned a Beef Demand Determinant Study to identify the beef demand drivers on which the checkoff programs should focus to have the most compelling effects on beef demand moving forward." Below this text, there is a list of links: "One-page Summary Abstract: 'Beef Demand: Determinants and Future Drivers'", "Beef Demand Summary Report 2013", and "Chapter 2: Previous Research Preference Rankings".

