

Impacts of Animal Well-Being & Welfare Media Coverage on Meat Demand

Glynn Tonsor
Dept. of Agricultural Economics
Kansas State University

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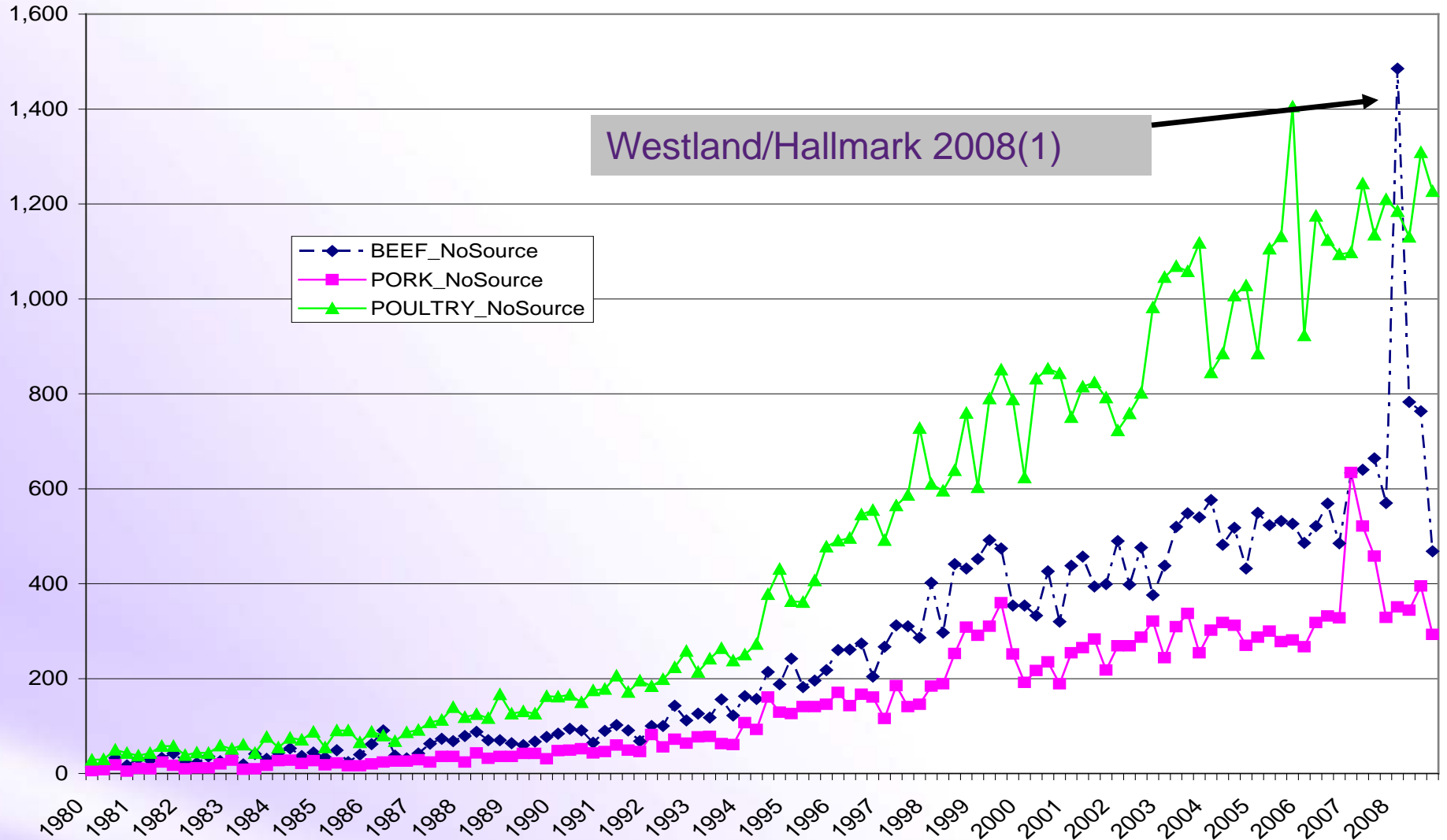
Background & Objective

- Animal welfare (AKA care, handling, well-being) is a rapidly growing issue in the U.S.
- Yet, no known analysis of aggregate meat demand impacts exist...
 - Objective of this study (collaborated w/ Dr. Nicole Olynk, Purdue University)

Methods: Media Indices

- Lexis-Nexis searches (1980-2008) of major U.S. newspaper and magazine articles with key words:
“(animal welfare) or (animal friendly) or (animal care) or (animal handling) or (animal transportation) or humane or (humanely raised) or cage or crate or stall.”

Species-Specific Indices



Methods: Model

- Estimated aggregate demand model
 - Beef, pork, poultry, non-meat food
 - Allow for “cross-meat” and “out of meat” substitution impacts
- Control for time trends, quarterly seasonality, prices, total meat expenditures, and AW media impacts

Results Summary

- *Reject* null hypotheses of:
 - No AW media effects
 - AW media effects being contemporaneous only
 - AW media effects extending beyond 6 months
 - SO: AW media effects are significant in the quarter of article release & one subsequent quarter...
- *Fail to reject* null hypotheses of:
 - Cross-species spillover effects = 0
 - SO: AW impacts lead to expenditure reallocation to non-meat food rather than to increases in competing meats...

Results Summary

- AW media elasticities are notably smaller than price & expenditure effects
- Increases in AW media have:
 - Not directly impacted beef demand
 - Reduced pork demand (both in short- and long-run)
 - Reduced poultry demand (in long-run)
- 1999(1)-2008(4) pork & poultry AW media indices increased by 181% & 253%
 - = 2.65% pork & 5.01% poultry demand reductions...

Implications for Industry

- Aggregate meat demand impacts exist. Do they cover avg. adjustment costs?
 - Highlights the resident voting vs. consumption decision dilemma that needs further research...
 - Also consistent with limited “free market” disadoption observed to-date by livestock industry...
- Budget reallocation effects:
 - Supports notion of a broader meat industry response rather than species-specific responses
 - All species lose as expenditures leave meat complex...

Future Work Opportunities

- Reassessment & replication needed
- Net Information vs. Separating out “positive,” “negative,” and “neutral” articles...
- No delineation by source considered...
- Broader global “comparative advantage” consideration needed (pork exports: 20-25%)

***Mandatory Labeling of Animal
Welfare Attributes:
Public Support and Considerations
for Policy Makers***

Background Information

- Increasing consumer interest in animal welfare (AKA care and handling) in the U.S.
- State-by-state changes have triggered:
 - Comparative advantage differences
 - Calls for “leveling the playing field”
 - July 7th UEP & HSUS agreement; call for national standards regarding laying hen housing & mandatory labeling of eggs

Objectives of this Study

(collaboration w/ Dr. Chris Wolf – Michigan State Univ.)

1. Examine U.S. resident support for mandatory labeling of AW information on pork and eggs
2. Outline considerations for assessment *prior* to implementing any mandatory labeling policies

Methods

- Oct/Nov 2008 national survey of 2,001
 - Purposely around CA's Proposition 2 vote...
- Assess awareness and perceptions w/r/t AW
- Estimate demand for mandatory labeling of AW on pork and egg products

Results

- 62% in favor of mandatory labeling of pork (gestation crate/stall use) and eggs (laying hen cage use)
 - 44% reversed support with price considered
- WTP about 20% higher prices
 - Likely an upper bound
- Perceived accuracy of AW info. from livestock industries *relative* to consumer groups is critical demand driver

Pre-Mandatory Labeling

Implementation Considerations

- Through benefit-cost assessment is needed
- Delineations needed:
 - Frequent consumer vs. advocates for change/bans
 - Producer impacts likely vary within industries
- Alternative voluntary labeling consideration
- Consumer choice may not be enhanced
- Information overload possibility
- Composite AW index needed – AW isn't univariate

Summary Points:

- Meat demand impacts do exist and warrant industry consideration in strategy development
- National housing standards & mandatory labeling discussions picking up...
- Much more work is needed
 - Industry changes and policy consideration discussions are *WAY* ahead of current research based knowledge...

More information at:
AgManager (<http://www.agmanager.info/>)



<http://www.agmanager.info/about/contributors/>

<http://www.agmanager.info/livestock/marketing/AnimalWelfare/default.asp>

-- *includes related Factsheets, YouTube videos,
and Journal Articles*