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

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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.”
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