

Economic Needs Assessment: Pork Quality Grading System

**PPIC and RAC Fall 2013 Meetings
Naples, FL
September 25, 2013**



**Glynn Tonsor and Ted Schroeder
Dept. of Agricultural Economics
Kansas State University**



Project Overview

- *Objective:* Conduct an economic needs assessment for a pork quality grading system
 - rationale is a need should first be determined
- *Timeline:* March – July 2013
 - Submitted report posted online August 2013:
<http://www.agmanager.info/livestock/marketing/PorkPrice/EconomicNeedsAssessmentOfPorkQualityGradingSystem.pdf>



Procedure

- *“Is there a concern with pork quality?”*
- *“If there are concerns, what is the nature of those concerns?”*
- *“If there are concerns, what can be done?”*
- *“Given what we found, where do we go from here?”*



Procedure

- Current knowledge of pork quality
 - Published articles, fact sheets, etc.
 - 2012 Retail Pork Quality Benchmarking Study
 - Industry leaders and experts
 - **RAC/PPIC meetings, Phone Interviews**
 - Producers, processors, merchandisers, retailers
- Couple industry knowledge with economic rationale, role, and function of grading systems



Current Situation

- General agreement on room for improvement
- Evidence of +/- 15% problematic problems
- Mainly focused on loin products
- Quality variation: necessary but not sufficient for a PGS to be a valuable opportunity



Industry Options: Grading Opportunity

- Could resolve costs following uncertainty of unstandardized product quality
- To be economically viable a PGS must:
 - focus on attributes that can be measured accurately and objectively at the speed of commerce,
 - facilitate product sorting by grade,
 - relate directly to product characteristics valued by potential buyers and/or consumers, and
 - be trusted by potential users.



Industry Options: Grading Challenges

- What to Measure
 - Quality is broadly defined and industry varies ...
 - Correlation strengths must be considered
 - Adverse Selection and grade integrity
- Where to Measure
 - Quality variation influenced both at hog and plant levels
 - Ability to track cuts or primals to carcass/producer is limited



Industry Options: Quality Improvement w/o PGS

- Private industry can, does, and always will pursue differentiation initiatives
 - CO₂ stunning of hogs; pork color and pH
 - Sorting carcasses for export; color and/or pH
 - Chilling investments; color and product size
 - Case-ready branded programs
 - PVPs – largely production practice differentiation



Pork Consumer

- Could be ultimate beneficiary of PGS
- BUT, education and awareness is necessary
- Given current consumer knowledge, higher WTP may not follow PGS implementation



Recommendations

1. Recognize need of ongoing assessment
 - Quality and feasibility of options changes over time
1. Identify what consumer really want
 - Cross-check focus on providing cheap pork
2. Increase consumer awareness of quality
 - Better align public perceptions and meat science
3. Recognize current instrumental capacities
 - Encourage accurate, line-speed tools



Final Conclusion

- Addition of a PGS alone will likely not resolve current pork quality issue.
 - First need:
 - Better instruments,
 - Improved tracking systems,
 - Increased knowledge of consumer demand, and
 - Expanded consumer knowledge/awareness



[This presentation is available at:](#)

<http://www.agmanager.info/about/contributors/individual/tonsor.asp>

[Corresponding project report available at:](#)

<http://www.agmanager.info/livestock/marketing/PorkPrice/EconomicNeedsAssessmentOfPorkQualityGradingSystem.pdf>

[Glynn T. Tonsor](#)

Associate Professor, Dept. of Agricultural Economics,
Kansas State University

Email: gtonsor@ksu.edu

Twitter: @TonsorGlynn



Next Steps

John Green

Director Strategic Marketing, NPB

