

# ***Sow Housing from the Perspective of the Consumer***

**Billy Day Symposium: *Considering Sow Housing*  
ADSA-ASAS Midwest Meeting**

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# Situation Background for Understanding Economics of Sow Housing Discussions

- Public (consumer & resident) interest in food production methods is growing
  - Think about discussions on food safety, farm size, GM-feed, hormone use, locally grown, etc....
- **Includes animal welfare**
  - well-being, care, and handling of livestock being raised for meat, milk, and egg production (Tonsor)



# Situation Background for Understanding Economics of Sow Housing Discussions

- AW is not univariate
  - Consumers associate “good AW practices” with smaller farms, higher food safety, improved product quality...
  - leads to complex situation, confusion, and controversy...
- Costs of raising questions < costs of industry response



Yuck...

Beats eating  
GMO. Reduces  
animal slaughter.  
Solves world  
hunger. Looks  
promising.

Your  
move,  
Taco  
Bell!

Americans  
have been proven  
to eat anything that  
comes in a nice  
package with  
the right  
marketing.

## SOCIAL MEDIA

# Man-Made Meat

A TIME.com piece on the world's first lab-grown burger, to be served in 2012, got our Google+ followers so riled up that they maxed out the site's 500-comment limit, with many answering our question, Would you eat test-tube meat?



Comments, clockwise from left: Brontae Hunter, Miss M, Gian Robinson, Phil DiNuzzo

Source: March 12, 2012 TIME magazine

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# Is AW a consumer purchasing or resident voting issue?

- AW is not top of mind issue for consumers
  - supported by direct survey assessment
  - AW impact is indirect: consumers infer food safety and pork quality from gestation stall use...
- Relatively few AW labels on retail products
  - Limited USDA PVPs with direct claims
  - <5% of eggs are “cage-free”; mean WTP >50%
- *Yet bans pass when voted upon by residents...*
  - *In ballot box “the issue” is top of mind...*





# What drives resident voting?

- CA Prop 2 actual vote (Nov 2008):63% FOR
- “National Prop 2” survey question:
  - *Law would require farmers nationally to confine calves raised for veal, egg-laying hens, and pregnant pigs only in ways that allow these animals to lie down, stand up, fully extend their limbs, and turn around freely.*
    - National support: 70% FOR (Oct/Nov 2008)
    - National support: 66% FOR (May 2010)



# What drives resident voting?

- State of residence not a factor
- Some observable socio-economic traits may be influential
  - Female, income, college (neutral or +)
  - Kids, consumption frequency (neutral or -)
- Info. accuracy perceptions are most influential
  - Those perceiving livestock industry (consumer groups) to provide accurate AW information are much less (more) likely to vote FOR.
    - *TRUST & TRANSPARENCY MATTER*



# What does the public think about producer adjustment timelines?

- Surveyed residents are insensitive to # years for producers to comply (6-8 is common)
  - +/- same support regardless of timeline presented
  - 1<sup>st</sup> or most heard voice may set adjustment timetable
  - Industry may have opportunity to pursue longer implementation timetable
  - Substantial costs of not being active or mixed signals





# What does the public think about pork price implications of stall ban?

	Entire Pop.	
	Raw %	"Know" %s
Fall by 11% or more	4%	7%
Fall by 6-10%	3%	5%
Fall by 1-5%	2%	3%
Change by less than 1%	5%	8%
Increase by 1-5%	7%	12%
Increase by 6-10%	12%	20%
Increase by 11% or more	26%	44%
Don't Know	42%	

	FOR a G.C. Ban		AGAINST a Ban	
	Raw %	"Know" %s	Raw %	"Know" %s
Fall by 11% or more	3%	5%	5%	8%
Fall by 6-10%	3%	5%	2%	3%
Fall by 1-5%	3%	5%	0%	0%
Change by less than 1%	6%	11%	2%	3%
Increase by 1-5%	9%	16%	2%	3%
Increase by 6-10%	14%	25%	7%	12%
Increase by 11% or more	19%	33%	42%	70%
Don't Know	44%		40%	



# Does media attention to AW impact pork demand?

- AW media effects are significant in the quarter of article release & one subsequent quarter...
- AW impacts lead to expenditure reallocation to non-meat food rather than to increases in competing meats... (*\$ leaves meat complex...*)
- 1999(1)-2008(4) pork & poultry AW media indices increased by 181% & 253%  
= 2.65% pork & 5.01% poultry demand reductions...



# What about mandatory labeling?

- Growing support for national legislation to “level the field” ?
- National survey prior to Prop 2 vote (Oct/Nov 2008)
  - 62% in favor of mandatory labeling of pork (gestation crate/stall use) and eggs (laying hen cage use)
    - 44% reversed support with price considered
  - Perceived accuracy of AW info. from livestock industries *relative* to consumer groups critical
  - Several similarities to MCOOL’s event sequence...



# Summary Points & Thoughts



# Consumer and resident desires regularly initiate change

- “Perception is reality”
  - perception drives decisions
    - “Accurate knowledge” and familiarity is NOT necessary to be influential
- Nobody can be “educated” on everything...
  - Urban/rural disconnect, information overload, etc.
- Appreciate where \$ originates from
  - Don’t get caught producing rotary phones, vehicles without air conditioning, etc. ...



# Other Concepts to Recognize

- Stated preferences vs. revealed preference (hypothetical bias)
  - Stated WTP can = 200% of Actual WTP
    - Appropriate to recognize producer WTA can hold similar properties...
- Heterogeneity vs. Uncertainty
  - Consumer preference heterogeneity well accepted (e.g. <5% mkt share of cage-free eggs)
    - Heterogeneity leads to diverse consumer impacts
  - Uncertainty (e.g. confidence and precision of estimates) persists given limited research to-date





# Other Concepts to Recognize

- Bans & regulation impacts all:
  - Meat product choice set for all is impacted
    - Even if only a minority  $WTP > MC$
  - Production practice choice set also impacted for all
    - Production cost impacts of eliminating stalls will vary so producer economic welfare impacts vary...
- State passing a ballot initiative isn't necessary to cause change...
  - Economies of scale at packing and retail levels
  - “Leveling the field” calls increasing nationally



# Other Concepts to Recognize

- I wish “KISS” applied but it doesn’t...
- Is all pork equal?
  - Most research on pork in aggregate form
  - Even IF WTP >\$0 for chops what about sausage?
- Vote  $\neq$  buy not unique to AW
  - Applies in other settings (MCOOL, environ.,....)




# Tonsor's Overall Take

- AW is one of several “social challenges”
- Trend of pressure coming from sources “outside the retail shelf” also here to stay
- AW now fits into a broader “cost of doing business” category in U.S.
  - consumer, producer, and net societal economic welfare impacts are still developing...




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

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



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<a href="#">In The Cattle Markets</a>	<a href="#">Livestock &amp; Hay Charts</a>	<a href="#">Marketing Strategies</a>	<a href="#">USDA News</a>	<a href="#">Projected Budgets</a>	<a href="#">BeefBasis.com</a>	<a href="#">Animal ID &amp; Traceability</a>
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		<a href="#">Management</a>		<a href="#">Policy</a>		

### Livestock & Meat Marketing: Animal Well-Being and Welfare

Title	Author	Date	Factsheet, Paper, Presentation, or Journal article	Video
Mandatory Labeling of Animal Welfare Attributes: Public Support and Considerations for Policymakers	<a href="#">Tonsor</a> and <a href="#">Wolf</a>	July, 2011	<a href="#">Journal Article</a> <a href="#">Fact Sheet (AM-GT-2011.1)</a>	<a href="#">WMV</a> <a href="#">MP4</a>
U.S. Meat Demand: The Influence of Animal Welfare Media Coverage	<a href="#">Tonsor</a>	September, 2010	<a href="#">Journal Article</a> <a href="#">Fact Sheet (MF2951)</a>	<a href="#">WMV</a> <a href="#">MP4</a>
Consumer Preferences for Animal Welfare Attributes: The Case of Gestation Crates	<a href="#">Tonsor</a> , <a href="#">Olynk</a> , and <a href="#">Wolf</a>	December, 2009	<a href="#">Journal Article</a>	<a href="#">WMV</a> <a href="#">MP4</a>
Consumer Voting and Demand Behavior Regarding Swine Gestation Crates	<a href="#">Tonsor</a> , <a href="#">Wolf</a> , and <a href="#">Olynk</a>	July, 2009	<a href="#">Journal Article</a>	<a href="#">WMV</a> <a href="#">MP4</a>
Consumer Use, Perceptions, and Demand Impacts of Alternative Animal Information Sources	<a href="#">Tonsor</a>	July, 2009	<a href="#">Presentation</a>	
Alternative Animal Welfare Responses: Options and Implications for Producers and Industry-at-Large	<a href="#">Tonsor</a>	March, 2009	<a href="#">Presentation</a>	

**Animal Welfare Videos by [Dr. Glynn Tonsor](#)**

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**Mandatory Labeling of Animal Welfare Attributes (New!)**

**Consumer Preferences for Animal Welfare Attributes: The Case of Gestation Crates**

**Consumer Voting and Demand Behavior Regarding Swine Gestation Crates**

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