

**Extension Risk Management Education  
National Conference  
April 27-28, 2016**

***Animal Welfare Perceptions of  
U.S. Cow-Calf Producers and  
Consumers: Economic and  
Educational Implications***

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# Introduction

➤ Who wants “gently used”:



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- We must appreciate essential role of consumer demand & customer product acceptance
  - Complex and changing all the time



# Introduction

- We must appreciate essential role of consumer demand & customer product acceptance
  - Complex and changing all the time
  - **In agriculture:**
    - **increasingly involves “social issues”**
    - **calls to document, verify, and adjust production practices**



# Introduction

- Consumers curious about food production
  - Price, Taste, Freshness, & Convenience...
  - Nutrition & Health
  - Safety, Env. Impact, Hormone & Antibiotic Use, & Animal Welfare... (“Social Issues”)



# Background on Economic Fit

- Many are happy economists only ‘have two hands’ ...
  - **Supply**
    - Influenced by anything impacting costs of producing, processing, or marketing food
  - **Demand**
    - Influenced by anything impacting acceptance and valuation of food
- ALL debates over food production have core economic components



# Background on Economic Fit

- The Center For Food Integrity (@foodintegrity) tweeted on Wed, Sep 04, 2013:

“Science tells us if we can do something. (supply)

Society tells us if we should do it.” (demand)

- Think about gestation stalls, laying hen cages, beta-agonists, handling techniques, euthanasia practices...



# Views of Public & Producers

- Industry must know more to respond effectively
  - ***How do producers & the U.S. public compare in views w/r/t animal welfare?***



# Benchmarking Cattle Producer & Public AW Perceptions

- “Beef and Dairy Cattle Animal Welfare: Market Opportunities and Threats”
  - USDA AFRI Integrated Grant, 2012-68006-30178
  - Economists: Chris Wolf (MSU) & Melissa McKendree (KSU)
  - Animal Scientist: Janice Swanson (MSU)
  - Veterinarian: Dan Thomson (KSU)
- Nationally representative U.S. public & producer surveys
  - Nov. 2013 – May 2014
    - Cow-Calf Producers (n=686) & U.S. Public (n=1,992)
    - Dairy Producers (n=656) & U.S. Public (n=2,001)



# Comparisons of Cow-Calf Producer and U.S. Public Survey Responses

- Supporting Resources Available on [www.AgManager.info](http://www.AgManager.info)
  - <http://www.agmanager.info/livestock/marketing/AnimalWelfare/default.asp>



# Views on Industry *Supporting Principles*

- BOTH SURVEYS
  - *In your opinion, should the following be supporting principles of the U.S. beef industry?*
  - Strongly Agree (1) ... Strongly Disagree (5) or Don't Know



# Views on Industry *Supporting Principles*

	Consumer- Conditional Average	Producer- Conditional Average
Generating a safe supply of beef products.	1.71	1.38
Conserve and protect land and water resources.	1.85	1.52
Generating an affordable supply of beef products.	1.95	1.68
Generating a reliable supply of beef products.	1.95	1.47
Conserve and protect the welfare of beef cattle.	1.95	1.55
Economically efficient beef production.	2.07	1.60
Assuring sufficient farm income for cattle producers.	2.09	1.64
Generating new research and innovation for beef.	2.24	1.68
Being competitive in the global beef marketplace.	2.28	1.57

Note: Lower values convey stronger agreement with each being a supporting principle.



# Views on prevalence of 11 beef production practices/issues

What percentage chance do you believe the typical U.S. beef product comes from:

	<i>0%- 25%</i>	<i>26%- 50%</i>	<i>51%- 75%</i>	<i>76%- 100%</i>	<i>Don't Know</i>
Cattle <b>dehorned/disbudded with pain control</b>					
Cattle older than three months of age <b>castrated with pain control</b>					
Farms/ranches with <b>consistent training program</b> for employees focusing on principles of animal care and handling					
Farms/ranches with <b>third party verification</b> that appropriate animal care and facilities are provided					
Cattle provided access to <b>fresh, clean feed and water</b>					
Cattle provided <b>antibiotics</b> to prevent illness and disease					
Cattle provided <b>shade, windbreaks, and ventilation</b>					
Farms/ranches where injured or sick animals <b>are treated or euthanized promptly</b>					
Farms/ranches with a <b>herd health plan</b> , developed with the help of a veterinarian					
Farms/ranches with <b>less than 100 beef cows</b>					
Farms/ranches <b>providing appropriate overall care</b> for the well-being of their cattle					



## What percentage chance do you believe the typical U.S. beef product comes from:

	Cow-Calf Producers	U.S. Public
	Don't know	Don't Know
Cattle provided access to <b>fresh, clean feed and water</b>	7%	24%
Cattle provided <b>antibiotics</b> to prevent illness and disease	8%	27%
Cattle provided <b>shade, windbreaks, and ventilation</b>	10%	30%
Cattle <b>dehorned/disbudded with pain control</b>	22%	41%
Cattle older than three months of age <b>castrated with pain control</b>	19%	42%
Farms/ranches with <b>consistent training program for employees</b> focusing on principles of animal care and handling	19%	30%
Farms/ranches with <b>third party verification</b> that appropriate animal care and facilities are provided	25%	31%
Farms/ranches where injured or sick animals are <b>treated or euthanized promptly</b>	14%	33%
Farms/ranches with a <b>herd health plan</b> , developed with the help of a veterinarian	13%	30%
Farms/ranches with <b>less than 100 beef cows</b>	13%	30%
Farms/ranches providing <b>appropriate overall care</b> for the well-being of their cattle	8%	25%

**Producer  
average for  
Don't know:  
15%**

**VS**

**U.S. Public  
average for  
Don't know:  
31%**



What percentage chance do you believe the typical U.S. beef product comes from:

	Cow-Calf Producers	U.S. Public
	Weighted Average	Weighted Average
Cattle provided <b>antibiotics</b> to prevent illness and disease	59%	60%
Farms/ranches with <b>consistent training program for employees</b> focusing on principles of animal care and handling	35%	44%
Farms/ranches where injured or sick animals are <b>treated or euthanized promptly</b>	58%	47%
Farms/ranches with a <b>herd health plan</b> , developed with the help of a veterinarian	50%	46%
Farms/ranches with <b>less than 100 beef cows</b>	50%	35%

**General Areas of Agreement**



What percentage chance do you believe the typical U.S. beef product comes from:

	Cow-Calf Producers	U.S. Public
	Weighted Average	Weighted Average
Cattle provided access to <b>fresh, clean feed and water</b>	74%	58%
Cattle provided <b>shade, windbreaks, and ventilation</b>	62%	46%
Cattle <b>dehorned/disbudded with pain control</b>	25%	41%
Cattle older than three months of age <b>castrated with pain control</b>	24%	41%
Farms/ranches with <b>third party verification</b> that appropriate animal care and facilities are provided	23%	45%
Farms/ranches providing <b>appropriate overall care</b> for the well-being of their cattle	73%	52%

## Areas of Divergence

Can be viewed as opportunities or threats...



# Public's vote-buy consistency & producer perceptions of behavior



# Public's vote-buy consistency & producer perceptions of behavior

	Consumer- Yes	Consumer- Don't know	Producer- Conditional Average	Producer- Don't Know
Vote to ban cattle castration without use of pain control	66%	15%	53%	16%
Pay a premium for beef from cattle castrated with pain control	36%	38%	26%	18%
	30% gap		27% perceived gap	

Note: producers were asked what they thought typical American would do.



# Effective and Practical Actions to Improve Welfare of Beef Cattle in the U.S.

Provide access to **fresh, clean feed and water** appropriate for the animal's physiological state.

Provide adequate comfort through the use of **shade, windbreaks, and ventilation** assuring clean, dry, sanitary environmental conditions for cattle.

Promptly **treat or euthanize** all injured or sick animals.

Develop a **herd health plan** with the help of a veterinarian.

**Consistent training program** for owner and employees focusing on principles of animal care and handling.

Restrict use of **antibiotics** to only disease treatment.

**Castrate** male calves either within the first three months of age or **with pain control**.

**Dehorn/disbud** calves either before horn tissue adheres to skull or **with pain control**.

**Third party verification** that appropriate animal care and facilities are provided on farm.



# Most Effective and Practical Actions to Improve Welfare of Beef Cattle in the U.S.

- Same 3 actions for producers & consumers
  1. Provide access to **fresh, clean feed and water** appropriate for the animal's physiological state.
  2. Provide adequate comfort through the use of **shade, windbreaks, and ventilation** assuring clean, dry, sanitary environmental conditions for cattle.
  3. Promptly **treat or euthanize** all injured or sick animals.



# Ranking of Consumer Stated WTP for Beef Attributes

- Mean premiums for Beef Steak:
  - Guaranteed Tender (\$1.79/lb)
  - Natural (\$1.79/lb)
  - Locally Produced (\$1.78/lb)
  - Hormone-Free (\$1.73/lb)
  - Antibiotic-Free (\$1.72/lb)
  - Organic (\$1.69/lb)
  - **Animal Welfare Assured (\$1.61/lb)**
  - Sustainably Produced (\$1.59/lb)



# Lister et al.

## *Journal of Food Products Marketing* (forthcoming)

- “Social Issues” less important in purchasing decisions than:
  - Safety
  - Freshness
  - Taste
  - Nutrition
  - Health
  - Price

Source: [http://www.agmanager.info/livestock/marketing/WorkingPapers/WP1\\_FoodValues-LivestockProducts.pdf](http://www.agmanager.info/livestock/marketing/WorkingPapers/WP1_FoodValues-LivestockProducts.pdf)



# Lister et al. (forthcoming)

Importance Shares	
	<i>Ground Beef</i>
Safety	21%
Freshness	20%
Taste	12%
Health	12%
Nutrition	8%
Price	7%
Hormone Free/Antibiotic Free	7%
Animal Welfare	5%
Origin/Traceability	3%
Environmental Impact	3%
Convenience	2%

41%

18%



# Lister et al. (forthcoming)

➤ “Social Issues” < safety, freshness, taste, price...

Importance Shares by Product				
	<i>Ground Beef</i>	<i>Beef Steak</i>	<i>Chicken Breast</i>	<i>Milk</i>
Safety & Freshness	41%	37%	39%	38%
Taste, Health, Nutrition, Price, Conv	41%	47%	44%	45%
<b>HF/AF, AW, Origin/Tr, Env</b>	<b>18%</b>	<b>16%</b>	<b>17%</b>	<b>17%</b>



# *Q: Will Consumers Pay for Social Issues?*

- Short-Term: **NO**
  - Otherwise we'd see more differentiation
- Longer-Term: **YES**
  - Production costs are realized over time impacting Ps & Qs for whole industry



# Q: *Will Consumers Pay?*

- Short-Term: **NO**
- Longer-Term: **YES**

## –Maintain Context:

- World wants & needs more food
- U.S. well positioned to help provide it



# Social Issues

## Take-Home Message

- Issues are here to stay in U.S.
  - Documenting, verifying, &/or changing practices is largely a cost of doing business
- Similarities and differences exist between producers & U.S. public
  - Opportunities for productive discussion
  - MANY areas for extension programming



# How does this fit Extension Risk Management?

- Consider conference goal:
  - *“The goal of this conference is to broaden risk management education programming for agricultural producers, to encourage new programming efforts, and to strengthen existing programs.”*



# How does this fit Extension Risk Management?

- To help stakeholders we MUST:
  1. Identify & recognize change,
  2. Better understand change,
  3. Appreciate implications of change



# How does this fit Extension Risk Management?

- To help stakeholders we MUST:
  1. Identify & recognize change,
  2. Better understand change,
  3. Appreciate implications of change
- Being truly helpful **REQUIRES:**
  - ongoing effort,
  - self-education,
  - engagement with others



# How does this fit Extension Risk Management?

- What are risks if:
  - we don't recognize, understand, and appreciate implications of change?



# How does this fit Extension Risk Management?

- What are risks if:
  - we don't recognize, understand, and appreciate implications of change?
  - we engage producers without current & accurate insights?



# How does this fit Extension Risk Management?

- Risks, risks, risks oh my...
  - Ongoing education of the educator is key!!!



# How does this fit Extension Risk Management?

- Consider history of selling market hogs
  - 30 head to auction, by gooseneck trailer, sold by live weight
  - 30 head to auction, by gooseneck trailer, sold by %lean



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  - 30 head to auction, by gooseneck trailer, sold by live weight
  - 30 head to auction, by gooseneck trailer, sold by %lean
  - 180 head to packer by 18-wheeler
  - 180 head to packer by 18-wheeler with heavy/light weight discounts



# How does this fit Extension Risk Management?

- Consider history of selling market hogs
  - 30 head to auction, by gooseneck trailer, sold by live weight
  - 30 head to auction, by gooseneck trailer, sold by %lean
  - 180 head to packer by 18-wheeler
  - 180 head to packer by 18-wheeler with heavy/light weight discounts
  - 180 head to packer by 18-wheeler with Paylean, gestation stall, ABF claims, etc.

• **WHAT IS NEXT???**



More information available at:



This presentation will be available in PDF format at:

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

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