



Producers, Animals, & Consumers: Animal Welfare in U.S. Food Animal Production

Ohio Livestock Coalition

2013 Annual Meeting and Industry Symposium

Lewis Center, OH September 6, 2013

Glynn Tonsor

Dept. of Agricultural Economics, Kansas State University

KANSAS STATE UNIVERSITY



Expectations of U.S. Public

- Livestock producers are expected to “*protect and promote animal well-being*”
 - 1 of 6 *We Care* principles (Pork Industry)
- EVEN IF there are no immediately matching consumer WTP signals
- SO AW provision is “a cost of doing business”
 - Necessary to maintain “social license” and “freedom to operate”



Current Situation

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

“Science tells us if we can do something.

Society tells us if we should do it.”



Current Situation

- AW is not a top of mind issue for typical U.S. meat, milk, and egg consumers
 - supported by direct survey assessment
 - consistent with limited AW labels on retail products
- IF AW were a top priority for consumers we would likely observe:
 - more exerted consumer WTP behavior
 - increased product differentiation by suppliers
 - “textbook, free-market adjustments” would work
 - » Note there is a growing list of USDA PVPs with claims



Current Situation

- AW impact from consumers is indirect:
 - presented attributes (or claims) regularly send cues to at least some consumers:
 - safety and quality are inferred from gestation stall use
 - “natural” triggers cues similar to “organic”
 - “Product of Mexico” vs. “Product of Canada” signals safety cues
 - meat color triggers a host of quality cues
 - consumers see AW as one of several aspects comprising the “proper way to produce meat, milk, and eggs”
 - beta-agonist use discussions are a recent example
 - within industry customers reflect indirect consumer influence



Current Situation

- Bans pass when voted upon by residents...
 - Cage-free eggs (5% mkt share vs. 2/3 voting support)
 - “Vote-buy” disconnect not unique to AW
 - Consider calls for mandatory labeling
 - GM ingredients (Prop 37), country of origin, etc.
- “Debate” being carried out more in the media, ballots, and legislative arenas than retail shelf



Current Situation

- Growing number of states with passed ballots or legislation restricting production practices
 - Implications for producers & government
 - “unfunded mandate”
 - Interstate commerce law quickly comes to play...
 - Some think non-ballot states are safe production havens
- Growing discussion over national standards
 - Leads to growing tension:
 - across species, within species (across states or ind. levels)



Existing Economics Literature

- Studies limited in overall number and replication
 - Limited funding; relatively new issue; few land-grant economists focused on AW...
 - Only known meta-analysis (Lagerkvist & Hess, 2011 ERAE) based on 24 studies (only 6 in U.S.)



Highlights of past AW Research

Tonsor has been involved in...

- Public concerns are not unique to any species
- Trust in the source of AW information is key driver of ballot voting
- Residents are insensitive to timetables
- Online videos influence perceptions; not WTP



Highlights of past AW Research

Tonsor has been involved in...

- Public does not know about retail price impacts
- Bans are not economically needed in presence of voluntary labeling
- Media attention to AW influences meat demand
- Mandatory AW labeling has stated public support



On-Going Research

- Vote-Buy Disconnect
 - USDA grant proposal under review (Tonsor, Lusk, Norwood, and Brooks)
- Ongoing Beef & Dairy Cattle Welfare USDA Grant (Tonsor, Wolf, Swanson, and Thomson)
 - Producer & Consumer Assessment
 - Feasibility vs. Effectiveness



Vote-Buy Disconnect:

Preliminary, Illustrative Assessment

- April 2013 survey of 1,950 U.S. residents
 - Cage-free egg application (purchasing & voting)
- Majority (85%) WTP premium
 - Biases abound (<5% actual market share)
- Majority (64%) WT vote for federal reg. ban
 - Consistent with ballots to-date
- *Response combinations are of main interest...*



Vote-Buy Disconnect: Preliminary, Illustrative Assessment

- Response Combinations:
 - 9.5% NO/NO & 58.7% YES/YES
 - Conservatively can be considered “Consistent”
 - 26.2% Yes WTP/ No Ban (“Inconsistent”)
 - 5.6% No WTP/Yes Ban (“Inconsistent”)



Vote-Buy Disconnect: Preliminary, Illustrative Assessment

Table 1. Selection frequency of presented reasons for inconsistent responses.

<i>Reason</i>	<i>Willing to pay premium; not supportive of ban (26.2%)</i>	<i>Not willing to pay premium; supportive of ban (5.6%)</i>
I believe food production should be influenced more by consumer purchasing patterns than legal regulations.	28%	
I do not want to restrict the production choices of egg producers.	24%	
I did not realize my two answers reflected different buying and voting behaviors.	17%	13%
I do not want to restrict the purchasing choices of other egg consumers.	15%	
Cage-free egg production should be required of producers, but cage-free eggs should not be more expensive for me to buy.		62%
I believe food production should be influenced more by legal regulations than consumer purchasing patterns.		6%
I do not mind restricting the production choices of egg producers.		3%
I do not mind restricting the purchasing choices of other egg consumers.		1%
Other, please describe:	4%	10%
I do not know	13%	5%



Vote-Buy Disconnect: Preliminary, Illustrative Assessment

Table 1. Selection frequency of presented reasons for inconsistent responses.

<i>Reason</i>	<i>Willing to pay premium; not supportive of ban (26.2%)</i>	<i>Not willing to pay premium; supportive of ban (5.6%)</i>
I believe food production should be influenced more by consumer purchasing patterns than legal regulations.	28%	
I do not want to restrict the production choices of egg producers.	24%	
I did not realize my two answers reflected different buying and voting behaviors.	17%	13%
I do not want to restrict the purchasing choices of other egg consumers.	15%	
Cage-free egg production should be required of producers, but cage-free eggs should not be more expensive for me to buy.		62%
I believe food production should be influenced more by legal regulations than consumer purchasing patterns.		6%
I do not mind restricting the production choices of egg producers.		3%
I do not mind restricting the purchasing choices of other egg consumers.		1%
Other, please describe:	4%	10%
I do not know	13%	5%



Vote-Buy Disconnect: Preliminary, Illustrative Assessment

Table 1. Selection frequency of presented reasons for inconsistent responses.

<i>Reason</i>	<i>Willing to pay premium; not supportive of ban (26.2%)</i>	<i>Not willing to pay premium; supportive of ban (5.6%)</i>
I believe food production should be influenced more by consumer purchasing patterns than legal regulations.	28%	
I do not want to restrict the production choices of egg producers.	24%	
I did not realize my two answers reflected different buying and voting behaviors.	17%	13%
I do not want to restrict the purchasing choices of other egg consumers.	15%	
Cage-free egg production should be required of producers, but cage-free eggs should not be more expensive for me to buy.		62%
I believe food production should be influenced more by legal regulations than consumer purchasing patterns.		6%
I do not mind restricting the production choices of egg producers.		3%
I do not mind restricting the purchasing choices of other egg consumers.		1%
Other, please describe:	4%	10%
I do not know	13%	5%

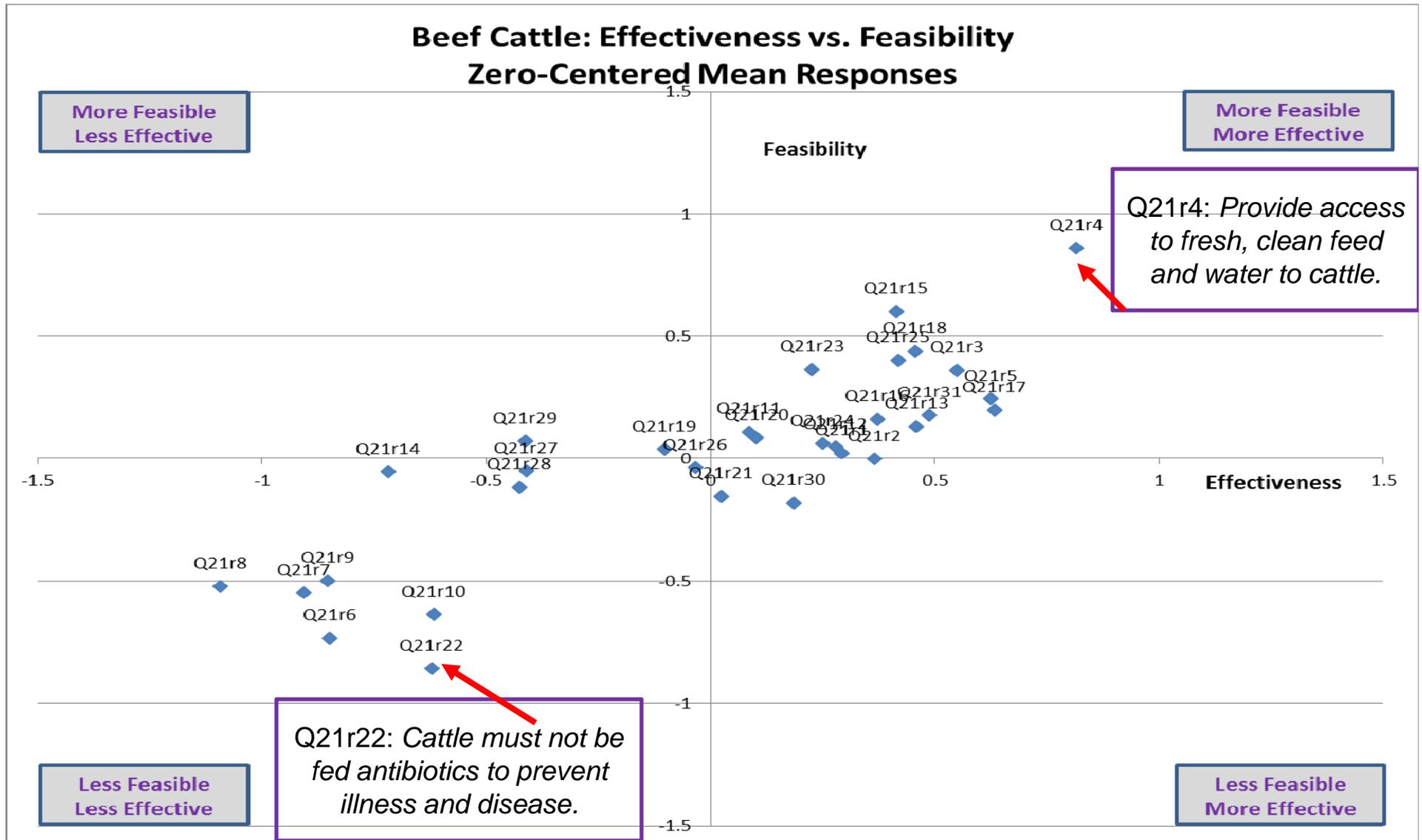


Ongoing Beef & Dairy Cattle Welfare USDA Grant

- April 2013 survey of 1,950 U.S. residents
- *“... rank how effective (feasible) each action would be to improve the welfare of beef (dairy) cattle in the U.S.”*
 - Randomly assigned Likert scale questions
 - Total set of 30 actions in design including:
 - *“Provide access to fresh, clean feed and water to cattle.”*
 - *“Cattle must not be fed antibiotics to prevent illness and disease.”*



Ongoing Beef & Dairy Cattle Welfare USDA Grant



Ongoing Beef & Dairy Cattle Welfare USDA Grant

- Effectiveness & Feasibility: 0.84 correlation
 - Do consumers distinguish the two dimensions?
 - Is it practical to think they could or will in the future???
 - Producers will *likely* separate these dimensions



Economic Implications of AW Situation

- “nothing happens in a silo”
- There are economic implications following almost all changes:
 - AW-based adjustments are no different



Economic Implications of AW Situation: Livestock Producers & Industry

- “Unfunded mandate”
 - Change is required yet not immediately paid for
 - Reduces supply (e.g. contraction of industry)
- Larger average size?
 - likely an unintended consequence
- State-by-state comparative advantage changes
 - Movement in production centers over time?
 - “In-fighting” spatially within species
- Global comparative advantage changes?
 - global demand growth critical to benefit from...



Economic Implications of AW Situation: General Public (Consumers & Citizens)

- Heterogeneity of impacts warrant noting...
 - Typical consumer
 - not WTP premium yet higher prices follow prod. costs
 - Typical resident
 - Absorbs tax implications of enforcement (opp. costs)
 - Highly concerned consumer likely better off *relative to typical*
 - **But** differentiation, labeling, etc. alternatives do exist...



Economic Implications of AW Situation: Government

- Global comparative advantage changes?
 - Implications for meeting food export targets
 - Reduced industry base for tax revenue
- Tax implications
 - Enforcement & oversight expenses follow passing ballots, legislative changes, etc.
- School lunches – costs of protein provision...



Economic Implications of AW Situation: Society

- Society always varies “weights” placed on producer, consumer, citizen, and central gov’t impacts when assessing change...
- R&D investment restrictions?
 - Food security (2050 challenge) implications
 - Likely similar impacts on meeting food safety, climate change, etc. challenges



Overall Take

- AW is a “social challenge” here to stay
 - Public perceptions frequently drive change
 - Trend of pressure coming from sources “outside the retail shelf” also likely here to stay
- AW is not univariate
 - Yet many debates treat it as such - unwise
- AW now is a “cost of doing business” in U.S.
 - Can’t be ignored
 - ***So how do the U.S. meat, milk, and egg industries go forward???***



Alternative Industry Paths

- “Do Nothing”

PROS:

- Minimize current investment
- Wait for more information & avoid “building the wrong barn”

CONS:

- Limits nearly all ability to have influence if “not at the table”
- May miss “golden opportunity” as public views farmer/rancher to have most influence...
 - Risk sending signal of indifference to AW...



Alternative Industry Paths

- “Proactive” Options [not necessarily mutually exclusive]:
 1. Negotiate with concerned groups
 - Adjustment time and requirements may (or may not) be improved
 2. Seek additional legislation
 - Ag. may have more influence than reacting to ballot initiatives
 3. Support additional labeling of practices
 - However note trade impacts of mandatory so consider voluntary labeling
 4. Support ‘phase-out’ as older facilities come out of production
 - May align w/ timetables in prior ballot initiatives & reduce adjustment costs
 5. Invest in public image
 - Reconnect (not necessarily defend) with public; may not be sufficient for short-run response but may be necessary for long-run survival
 6. Adopt increasingly transparent protocols
 - May reduce public shock impacts of “surprises”
 7. Invest in public education
 - Likely necessary but recognize information overload, time constraints, etc.



More information available at:



This presentation will be available in PDF format at:

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

Glynn T. Tonsor
Associate Professor
Dept. of Agricultural Economics
Kansas State University
Email: gtonsor@ksu.edu
Twitter: @TonsorGlynn



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

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



Department of Agricultural Economics

- ✓ Agribusiness
- ✓ Crops
- ✓ Energy
- ✓ Farm Management
- ✓ Livestock & Meat
- ✓ Policy
- ✓ Decision Tools
-
- ✓ Ag Econ News
- ✓ Contributors
- ✓ Programs
- ✓ Sponsors
- ✓ Upcoming Events
-
- ✓ [KFMA](#)
-
- ✓ [Department Theses & Dissertations](#)
-
- ✓ [SIGN-UP for Weekly Email Updates](#)
-
- ✓ [RSS](#)
-
- 

[About](#) [Contributors](#) [Useful links](#) [Site map](#) [Feedback](#)

[Home](#) / [Livestock Marketing](#)

Market Outlook and Newsletters	Charts and Databases	Marketing Extension Bulletins	USDA News, Reports, Futures Market Prices	Budgets, Economics, LRP and Policy	Related Sites	Cross-Subject Areas
In The Cattle Markets	Livestock & Hay Charts	Marketing Strategies	USDA News	Projected Budgets	BeefBasis.com	Animal ID & Traceability
Livestock Outlook Radio	Livestock Databases	Financial Analysis	Futures Market Prices	Historical Budgets	NAIBER	Animal Well-Being
Cattle Finishing Returns	Beef Demand Charts	Trade and Demand	Pork Price Reporting	Production Economics	LMIC	CLPER
	Grain Supply & Demand	Price Risk	Interest Rate Forecasts	LRP Insurance		
		Management		Policy		

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	Tonsor and Wolf	July, 2011	Journal Article Fact Sheet (AM-GT-2011.1)	WMV MP4
U.S. Meat Demand: The Influence of Animal Welfare Media Coverage	Tonsor	September, 2010	Journal Article Fact Sheet (MF2951)	WMV MP4
Consumer Preferences for Animal Welfare Attributes: The Case of Gestation Crates	Tonsor , Olynk , and Wolf	December, 2009	Journal Article	WMV MP4
Consumer Voting and Demand Behavior Regarding Swine Gestation Crates	Tonsor , Wolf , and Olynk	July, 2009	Journal Article	WMV MP4
Consumer Use, Perceptions, and Demand Impacts of Alternative Animal Information Sources	Tonsor	July, 2009	Presentation	
Alternative Animal Welfare Responses: Options and Implications for Producers and Industry-at-Large	Tonsor	March, 2009	Presentation	

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

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

KANSAS STATE UNIVERSITY 