

Feedlot Receiving Calf Health & Well-Being Conference



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Conoco-Phillips OSU Alumni Center
Stillwater, OK



United States
Department of
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National Institute
of Food and
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Role of Consumer Perceptions of Animal Health

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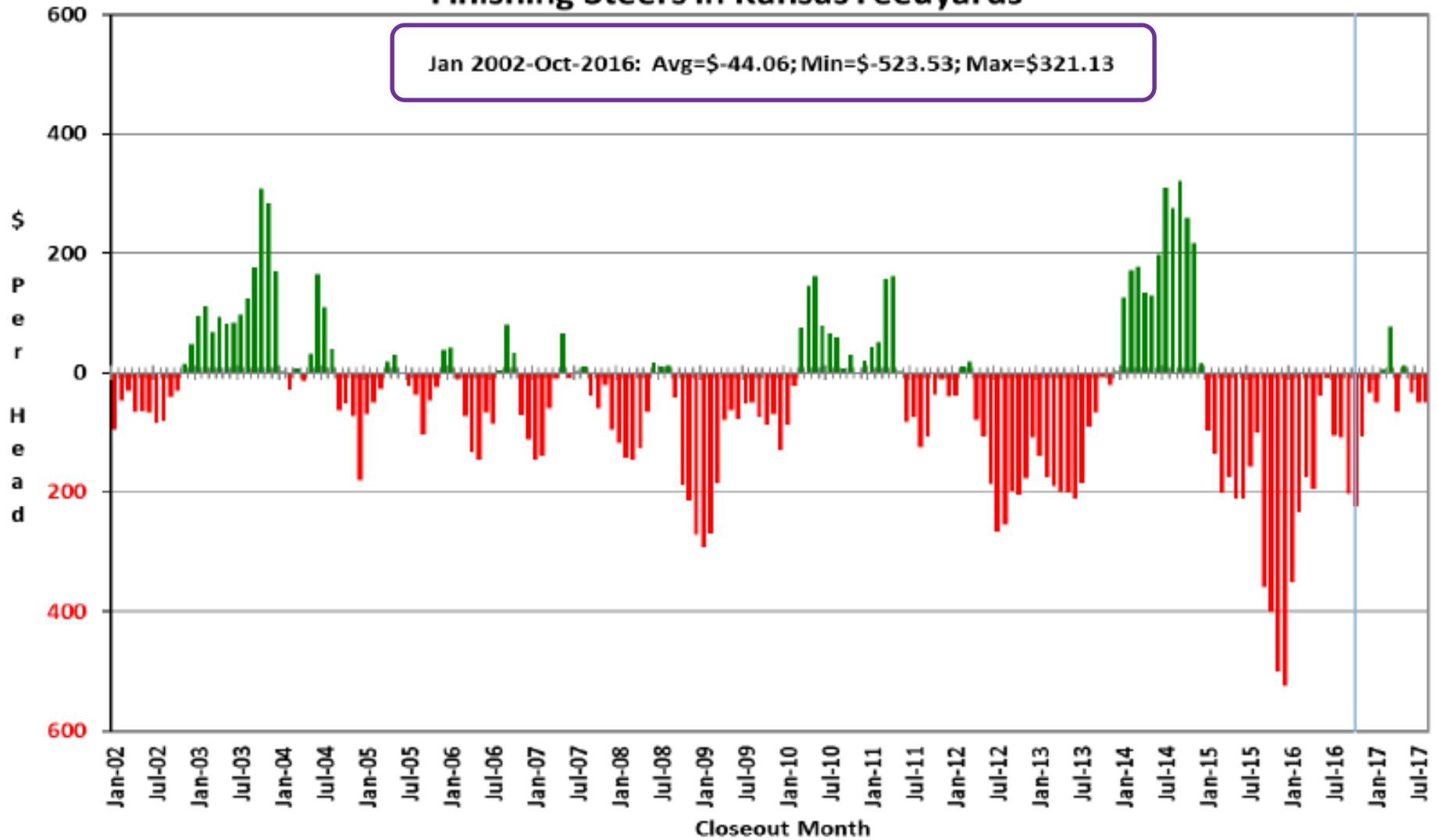
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Situational Summary



Figure 1. Historical & Projected Average Net Returns for Finishing Steers in Kansas Feedyards



<http://www.agmanager.info/livestock-meat/cattle-finishing-historical-and-projected-returns>

“Interesting Times” in the Beef Industry

***TRADE w/
BRAZIL***

***Mandatory Price Reporting &
GIPSA Rule Discussions***

***TPP/TTIP &
US Election***

***CATTLE
MARKETS
“BROKEN”***

***NEW FED
CATTLE
EXCHANGE***

*In China Beef Trade, U.S. Gain May
Mean Australia Pain*

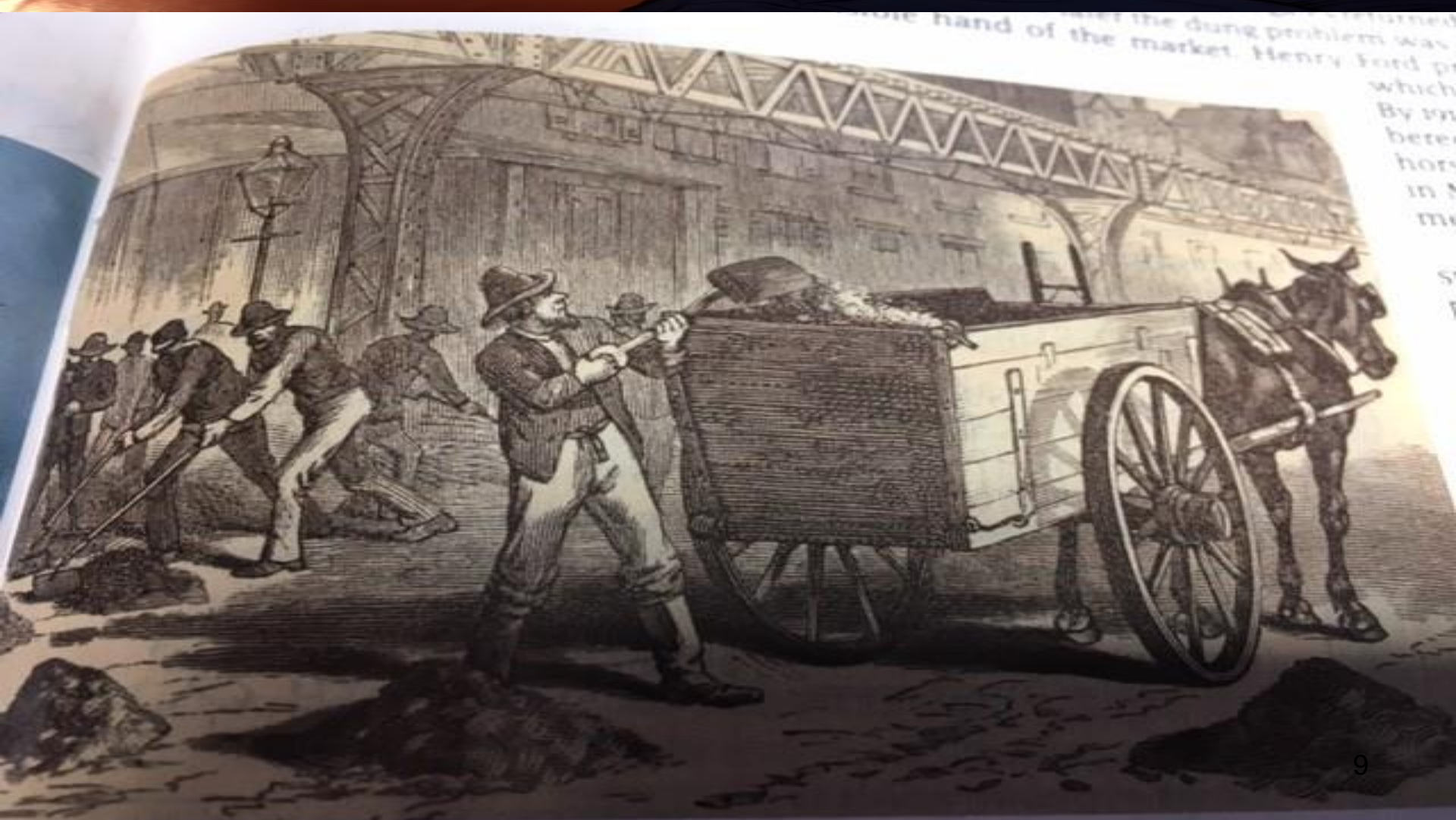
***Re-emergence of
MCOOL?***

Veterinary Feed Directive



The Economist

NOVEMBER 26TH—DECEMBER 2ND 2016



300k horses in London in 1900
**“most malodorous environmental
challenge facing the world’s
biggest cities ... was horse dung”**



The Economist

NOVEMBER 26TH – DECEMBER 2ND 2016

One decade later problem was addressed
by the invisible hand of the market:
Henry Ford's Model T – by 1912 cars
outnumbered horses in NYC

The Economist

NOVEMBER 26TH–DECEMBER 2ND 2016



**100 Years after being viewed as an
environmental savior:**

**oil is viewed increasingly as horse dung used
to be – a menace to public health and the
environment**

Horses in NYC & Animal Ag

- Current challenges can be addressed **IF** we:
 - 1) Accurately recognize the challenge
 - 2) Actively pursue solutions
 - 3) Identify technology & “let markets work”



Changes in Consumer “Signals”

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



Changes in Consumer “Signals”

- 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 “conventional” production practices



Ongoing calls for change, verification, &/or improvement:

Credence Attributes

- Food safety
- Environmental impact
- Animal Welfare
- Origin labeling
- Antibiotic use

Other Attributes

- Price
- Freshness
- Taste
- Nutrition
- Health
- Convenience



Food Values Applied to Livestock Products (Lister et al., 2017)

- “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



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%
HF/AF, AW, Origin/Tr, Env	18%	16%	17%	17%



Current Situation

- Importance of attributes is clear
- **HOW** public wants outcomes achieved is less clear
 - May also be changing over time...

Economic Realities Going Forward

- Center for Food Integrity's Sept. 4, 2013 tweet:

“Science tells us if we can do something.

Society tells us if we should do it.”

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



Economic Realities Going Forward

- Outcomes will only partially align with “best science” approaches or recommendations
 - Public will give license to utilize only a subset of available production options that ‘technically work’
 - Economic & political optimality critical to see



Economic Realities Going Forward

- Outcomes will only partially align with “best science” approaches or recommendations
 - Vote-buy disconnect will persist



Economic Realities Going Forward

- Outcomes will only partially align with “best science” approaches or recommendations

- Vote-buy disconnect will persist

Table 2. Willingness to Vote for Restrictions and to Pay Premiums, December 2013

Production Practice	Vote to Ban/Limit	Pay a Premium
Limit antibiotic use for cattle to only disease treatment	70.9%	48.0%
Ban cattle castration without use of pain control	66.1%	35.9%
Ban use of sow gestation stalls in the swine industry	51.3%	34.9%
Ban use of laying hen cages in the egg industry	49.7%	40.5%

- Short-term “unfunded mandates” will continue...



Will Consumers Pay for Changes?

➤ **Not the only question we must consider...**

**Will we survive if we do not
recognize, adapt, and evolve
to changes?**



**Who wants to go home with a
new phone?**



Who wants to go home with
THIS phone:



Sources: <http://imgkid.com/old-rotary-phone.shtml> <http://www.gizmag.com/mobile-phone-40-year-anniversary-photos/25677/>
<http://www.cellphonereviews.com/who-invented-the-cell-phone/> <http://science.howstuffworks.com/innovation/inventions/who-invented-the-cell-phone.htm>



Who wants to go home with **THIS** phone:



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<http://www.cellphonereviews.com/who-invented-the-cell-phone/> <http://science.howstuffworks.com/innovation/inventions/who-invented-the-cell-phone.htm>



Consider how much phones have changed...



Sources: <http://imgkid.com/old-rotary-phone.shtml> <http://www.gizmag.com/mobile-phone-40-year-anniversary-photos/25677/>
<http://www.cellphonereviews.com/who-invented-the-cell-phone/> <http://science.howstuffworks.com/innovation/inventions/who-invented-the-cell-phone.htm>



Consider how much MORE phones WILL change...



Sources: <http://www.techradar.com/us/news/wearables/apple-iwatch-release-date-news-and-rumours-1131043>

How should we think about feedlot processes and calf health and well-being?

Program Examples

1.Transportation

2.Feed Additives & Implants

3.Pens – Mud, Shade, and Space



How should we think about feedlot processes and calf health and well-being?

Must directly consider:

1) Effectiveness

2) Feasibility

3) Acceptability



Effectiveness & Feasibility



- Why create something with limited odds of industry adoption?
 - *How would investors react?*

Effectiveness & Feasibility

- Just because something “works” doesn’t mean it will be 100% implemented
 - Feasibility, effectiveness, & net econ. value (reflects acceptance) are key
 - *E.coli vaccines for fed cattle are prime example*



“Consumer is Always Right”

-even if they “technically speaking” are wrong



Take-Home Message

- Public's role in Animal Health is here to stay
 - Documenting, verifying, &/or changing practices is increasingly a cost of doing business
- The industry can effectively respond if it:
 1. Accurately recognizes the challenge
 2. Actively pursues solutions
 3. Identifies technology & lets markets work



Take-Home Message

- Our approach to Animal Health will change with:
 - Technology availability
 - Dynamic consumer perceptions & preferences
 - Market signals & Regulations



Take-Home Message

- Our approach to Animal Health will change with:
 - Technology availability
 - Dynamic consumer perceptions & preferences
 - Market signals & Regulations

AND THAT'S OKAY!!!



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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