

# Feedlot Receiving Calf Health & Well-Being Conference



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Conoco-Phillips OSU Alumni Center  
Stillwater, OK



United States  
Department of  
Agriculture

National Institute  
of Food and  
Agriculture

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# Role of Consumer Perceptions of Animal Health

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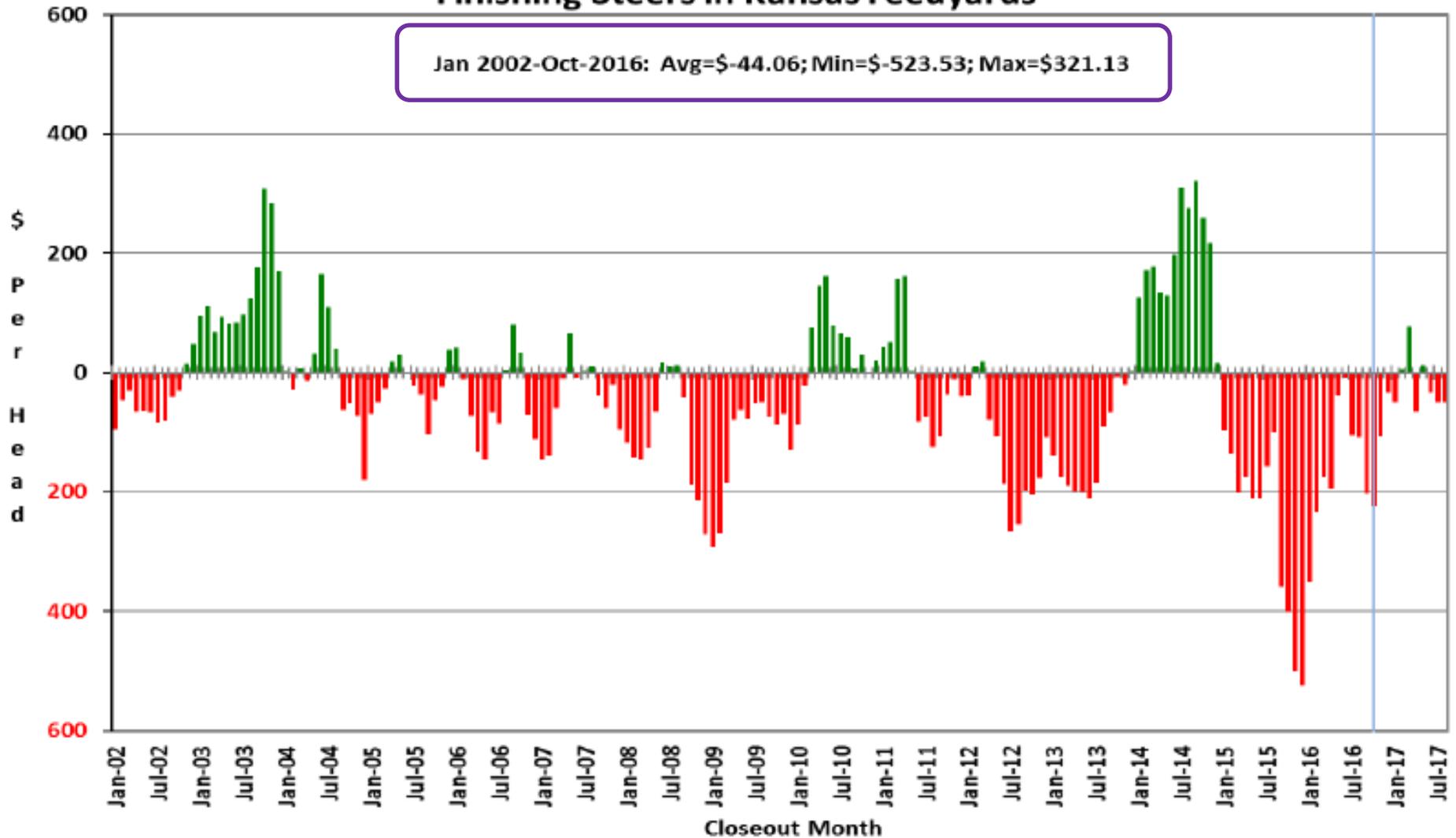
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# Situational Summary



**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*

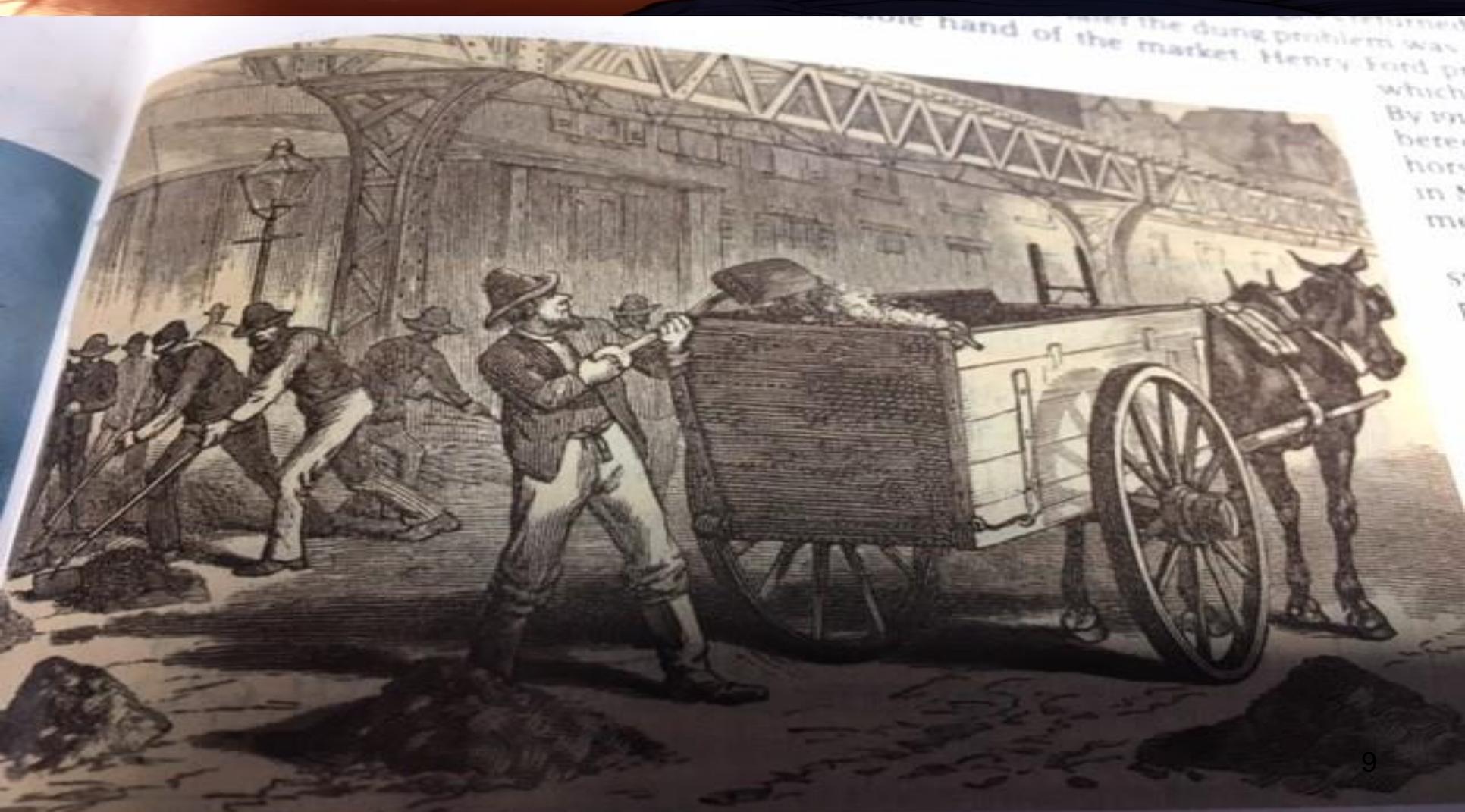
***Re-emergence of  
MCOOL?***

***Veterinary Feed Directive***



# The Economist

NOVEMBER 26TH - DECEMBER 2ND 2016



...returned  
...the dung problem was  
...hand of the market. Henry Ford pr  
...which  
By 1900  
betwe  
hors  
in M  
me

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](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>



# 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



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  - Vote-buy disconnect will persist



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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-ponne-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>



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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-ponne-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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