

Consumer Perceptions of Animal Health

**University of Missouri-Columbia
Guest Lecture Webinar
April 24, 2017**

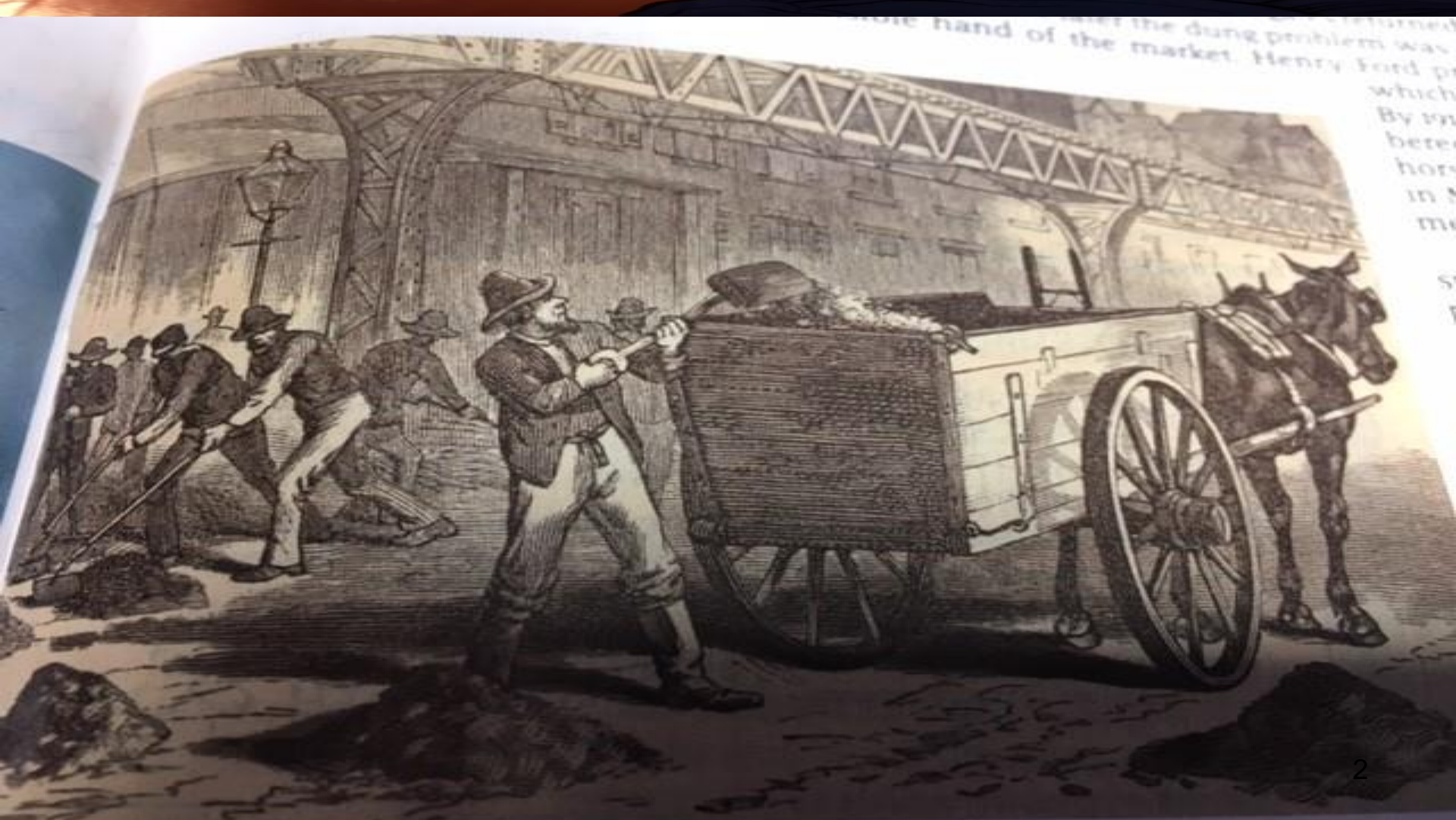
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The Economist

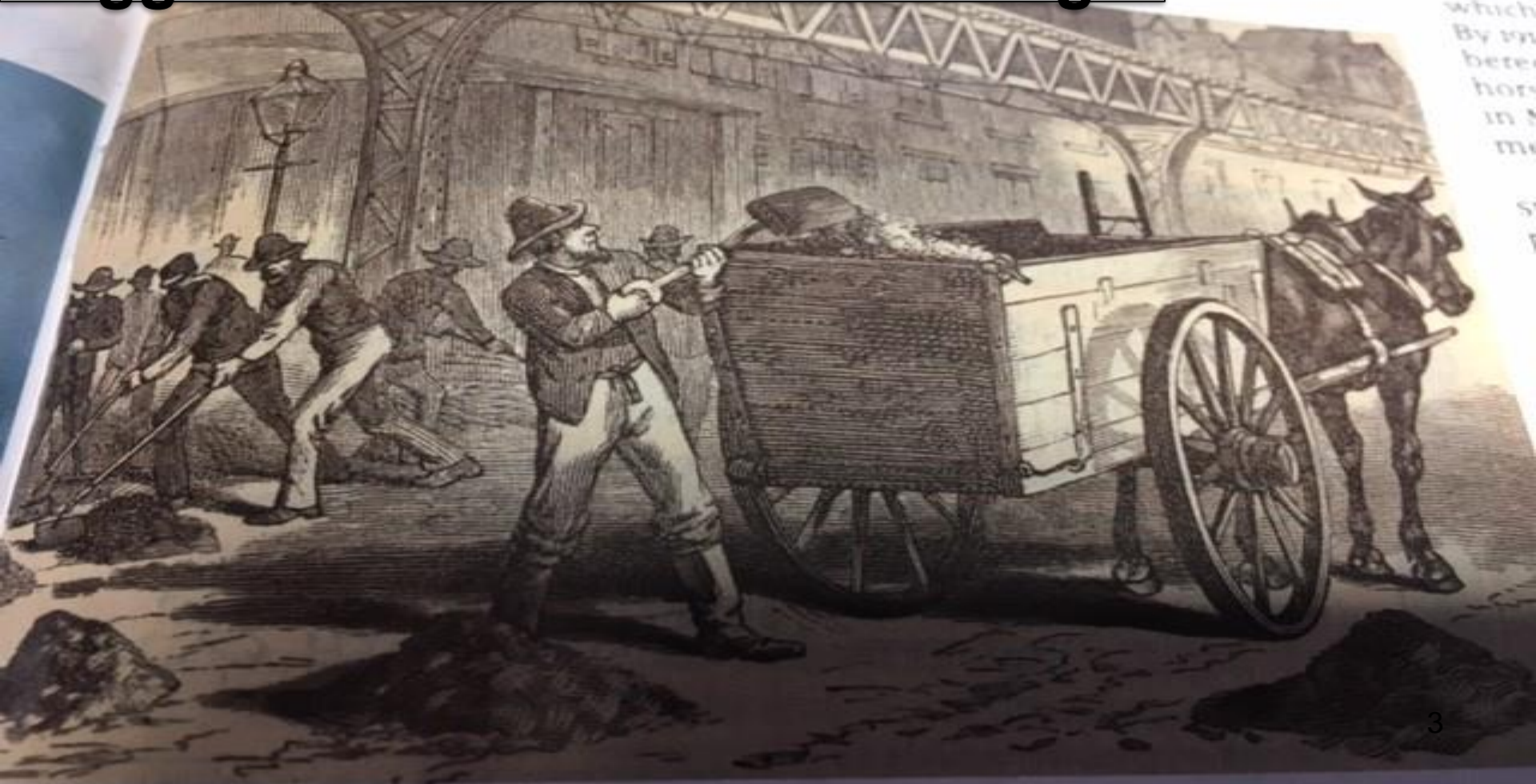
NOVEMBER 26TH - DECEMBER 2ND 2016



...returned
...the dung problem was
...hand of the market. Henry Ford pr
...which
By 1900
betwe
hors
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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
 - Consumers: you, me, other residents
 - Customers: McDonalds, Wal-Mart, etc.



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%



Lister et al. (forthcoming)

➤ Heterogeneity must also be appreciated

Importance Shares by Product and Population Group				
	<i>Ground Beef</i>		<i>Beef Steak</i>	
	Group 1	Group 2	Group 1	Group 2
Safety & Freshness	42%	40%	35%	37%
Taste, Health, Nutrition, Price, Conv	46%	39%	55%	44%
HF/AF, AW, Origin/Tr, Env	12%	21%	11%	19%
Class Size:	31%	69%	32%	68%



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

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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...



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: Cow-calf producers were asked what they thought typical American would do.



Will Consumers Pay for Changes?

➤ **Short-Term: NO**

➤ **Long-Term: YES**



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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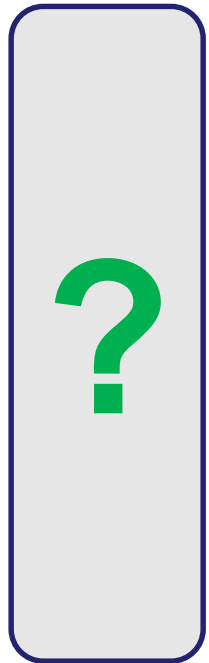
Consider how much phones have changed...



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



“If you think you can, you can.

***And if you think you can't, you're
right.”***

Henry Ford (1863-1947)



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

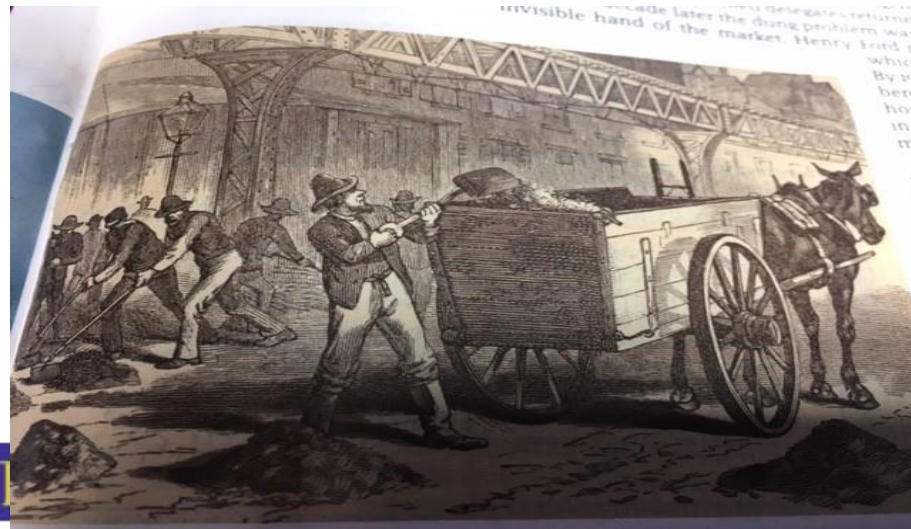
- Our approach to Animal Health will change with:
 - Technology availability
 - Dynamic consumer perceptions & preferences
 - Market signals & Regulations



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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