

The Future of Beef – Consumer Issues and Demand

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Although formerly somewhat distant from many producer conversations, the vested interest of consumers is now a reality in the beef business. There simply is no business unless the consumer is involved in the formula for the future.

Perhaps one doesn't really like to admit it, but most of yesterday's conversations usually were between producers. Buying bulls or replacement heifers and the subsequent marketing of the offspring was a discussion of producers' likes and dislikes, not consumer desires.

The ability of cows and bulls to live and produce in a multitude of production environments led to the necessity of selection for adaptability. Cows and bulls were in an environment that had to meet the critical eye of the owner or manager. Hopefully, the environment mustered an arsenal of production traits that equated to efficient and profitable beef production.

The consumer was present in the discussion, but very distantly. The full calf rush would come and every calf would sell eventually. Well, those days are changing. The day may come, or perhaps is here, that some may not sell, which is a scary thought.

Writing in "Consumer Issues and Demand," published by the American Agricultural Economics Association's online Choices magazine (www.choicesmagazine.org, Volume 21, No. 3, 2006), Helen Jensen indicates there are several very real impacts for small and midsized operations that loom in the future. The changing demand by consumers is changing beef production.

Four factors are driving the change. There is an increased income level with dual-income families and related lifestyle. There are marked changes in obesity and associated health concerns, and costs. There will be a slowdown in population growth resulting in an older North American population that's more ethnically diverse. Finally, there is a noticeable change in how markets distribute and sell food.

How is this going to play out in terms of beef production? Jensen narrows the points to three. The first: "Food safety will continue to be a paramount consumer expectation." The beef producer is no longer left out of food

safety concerns. Sorry, but true.

Food safety will track directly back to the producer, whether the producer wants it or not. The consumer is our market. The market is now and forever very sensitized to the needs of a thorough "production to plate" system.

The second point: "As North American incomes continue to increase, consumers will choose products on the basis of varied attributes, including taste, variety and convenience." Consumers still want relatively low-priced food, making this second point very complicated. Meeting and keeping up with consumer expectations while managing relatively "slow-to-change" production systems makes this second point challenging from a producer perspective. However, that is the future, so challenge is what the future holds.

The last point Jensen makes: "Continued concentration of large-scale processing, food distribution and retailing may reduce consumer choice in markets." This business format continues to bring consumers their desire, which is reasonably priced food with assurances of adequate quality standards. I'm not sure how these thoughts interact with those of a producer.

Like it or not, consumer issues and demand drive beef production. Production units that can link, connect or by whatever means coexist with the various business models that survive because of consumer acceptance have a future.

Planting one's feet in the ground or burying one's head in the sand will not work. Beef only equates to revenue when a consumer spends a dollar. It's that dollar that ultimately means profit for the beef producer. At least listen, think and contemplate how producer/business/consumer interactions will be in the future.

May you find all your ear tags.

Your comments are always welcome at www.BeefTalk.com. For more information, contact the North Dakota Beef Cattle Improvement Association, 1041 State Avenue, Dickinson, ND 58601 or go to www.CHAPS2000.com on the Internet. In correspondence about this column, refer to BT0324.

Three Noticeable Changes in Beef!

- 1. Food safety will continue to be a paramount consumer expectation.**
- 2. As North American incomes continue to increase, consumers will choose products on the basis of varied attributes, including taste, variety and convenience.**
- 3. Continued concentration of large-scale processing, food distribution and retailing may reduce consumer choice in markets.**

Adapted from Helen Jensen,
(www.choicesmagazine.org, Volume 21, No. 3, 2006)