

BeefTalk: Future of Beef Revisited - Consumer Issues and Demand

Consumers have more opportunities to express their opinion about the food they buy and eat.

By Kris Ringwall, Beef Specialist

NDSU Extension

After four decades of engaging consumers and integrating producers, I still ponder.

The sensitivity between consumers and beef producers is increasing, but the sensitivity may not always be on the same tracks. Consumers register their opinion at the checkout counter through product selection and validate their expressed opinions by how they shop and how much they pay.

With the expansion of the internet, the opportunity for consumer validation, along with the expression of any disappointment with a meal, or a particular product or service, never has been greater. The internet expands the ability to monitor consumers, allowing businesses to stock what and when a product is most likely to sell.

Is the situation the same for cattle producers and the cattle they sell? No. So perhaps the balance between consumers and producers has yet to be determined.

How this reality connects to the producer who is selling the cows and calves is probably a loose fit, yet consumer thoughts need to be integrated with production expansion or contraction. After all, that is what drives the business.

In 2006, I reviewed an article by Helen Jensen ("Consumer Issues and Demand" published by the Agricultural and Applied Economics Association in the online Choices publication, <http://www.choicesmagazine.org>, Volume 21, No. 3, 2006). She noted several very real impacts for small and middle-sized operations that loom in the future in regard to the consumer and demand.

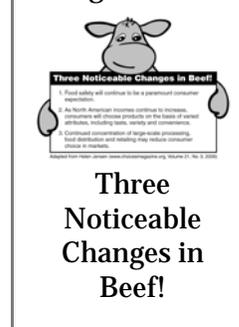
Have these impacts changed in the last 12 years? Did these impacts actually become drivers for who survived the production process?

The drivers identified in 2006 probably still are present. The first driver is increased income levels, with dual-income families and related lifestyles. Income is not guaranteed, and families continue to budget the dollars they have.

As income declines, spending will shrink, but more importantly, the related lifestyle will not, at least willingly. I guess people really don't want to give up something they once had.

The second driver is a healthy lifestyle. No doubt that obesity and the associated health costs continue to surface as a major concern. As a result, the caloric content of purchased food now is displayed widely. Do caloric numbers change food purchases? Maybe, or maybe not.

Images



The basic farm and ranch products, when served without processed side dishes, have very acceptable caloric content. Will consumers respond?

A quick lunch today of basic farm and ranch products with 300 to 500 calories could be purchased easily. A side of dip and chips could add almost another 1,000 calories, and that was before the potential visit to the automatic soft drink dispenser.

What drives this? If one drops the side dish and drinks water, calories were not an issue.

Consumers and agricultural producers certainly should be on the same page for the second issue. Yes, some progress has been made with increased visibility of caloric numbers, but consumers still need to change some well-engrained eating habits.

The third issue identified by Jensen was a slowdown in population growth. The North American population is aging and more ethnically diverse because of increased immigration. Immigration always is a news topic, but the impact on beef production is probably left to the demand and supply curves.

The final issue is a noticeable change in how markets distribute and sell food. Within the last decade, the walk through an aggressive grocery hub certainly has taken on a new look. Farm and ranch products need floor space, counter space and freezer space. Every cow-calf producer needs to ask, "How does my annual production make its way to the food counter?"

Ask the store as well. Let the business know the floor space is appreciated.

Currently, the production discussion is more likely to occur in the harvesting segment of the industry. Unfortunately, beef producers continue to take a back seat in product recognition.

How is this going to play out in terms of beef production? Jensen narrowed the points to three. The first is, "Food safety will continue to be a paramount consumer expectation." That's absolutely true and will remain true. Globalization will drive world health. The beef producer will not be an exception. Sorry, but true.

The second point is: "As North American incomes continue to increase, consumers will choose products on the basis of varied attributes, including taste, variety and convenience." However, consumers still remain cost conscious, creating an opportunity for the cost-savvy producer within any food center.

Jensen's final point is: "Continued concentration of large-scale processing, food distribution and retailing may reduce consumer choice in markets." This challenges individual producer initiatives because the scale of production must compete with the large-scale process of food production.

May you find all your ear tags.

For more information, contact your local NDSU Extension agent (<https://www.ag.ndsu.edu/extension/directory>) or Ringwall at the Dickinson Research Extension Center, 1041 State Ave., Dickinson, ND 58601; 701-456-1103; or kris.ringwall@ndsu.edu.

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Source: Kris Ringwall, 701-456-1103, kris.ringwall@ndsu.edu

Editor: Ellen Crawford, 701-231-5391, ellen.crawford@ndsu.edu

Attachments



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