In the future farmers’ fiercest taskmaster may be consumer expectations

*Policy Pennings Column 742*

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Each time we walk into the supermarket we are confronted with an array of choices that would have been unthinkable 20 years ago. Way back when, the few ethnic foods that were available were consigned to an obscure location. Today there is a whole aisle or more dedicated to foods from many spots on the globe, with many of the products coming directly from food processors in those countries.

Likewise, not that long ago, choices for organic and natural foods were relegated to a couple shelves in the back of the store. Today there is a whole section that includes frozen, canned, and dry choices for everything from whole grain emmer to frozen organic enchiladas. And it doesn’t end there. Organic fruits and vegetables are taking up a growing portion of the produce aisle and free-range, vegetarian, and organic eggs are found in the coolers along with the conventional eggs.

A recent story in the New York Times titled “Walmart aims to go greener on food” (<http://tinyurl.com/qjdoxw8>) discusses Walmart’s response to perceived consumer concerns and preferences. In her article, Stephanie Strom writes, “Walmart’s effort to enhance sustainability has four legs: reducing the overall cost of food, including its environmental footprint; increasing access to more nutritious food; making it easier for its customers to eat healthier foods; and improving food safety, with greater transparency about where food comes from and how it is produced.

“The company says it has been working with a variety of partners, including nonprofit groups, food manufacturers like General Mills and PepsiCo, and agricultural businesses like Monsanto and Cargill. Walmart and General Mills, for example, are sponsoring a challenge that will reward farmers who show the most progress in reducing emissions through better use of fertilizers.”

Likewise McDonald’s 2012-2013 “Corporate Social Responsibility & Sustainability Report” (<http://tinyurl.com/oxrtphw>) contains a couple of paragraphs on “Antibiotic use and antimicrobial resistance.” They say “Antibiotic use in food animals is an issue subject to industry-wide discussion that requires the attention of global organizations like [McDonald’s]. We recognize the importance of understanding antibiotic resistance and have maintained a global policy outlining guiding principles for the sustainable use of antibiotics in animals since 2004. We take seriously the ethical responsibility to help assure the health and welfare of animals in the supply chain, including the use of antibiotics when appropriate to treat, control or prevent disease in food producing animals.

“[McDonald’s] will continue to engage experts from all over the world who understand the issues associated with antibiotic use to help us review our current antibiotic use policy. Our global, cross-functional team is led by Dr. Mike Apley at Kansas State University and Dr. Guy Loneragan at Texas Tech University. The team includes academicians, animal health and welfare experts, representatives from our supplier community, and others from Europe, Australia, Latin America and the U.S. They provide the Company with both science-based and practical advice as we review our policy for relevance against emerging science and ***consumer expectations***” (emphasis added).

When it comes to selling a product, satisfying consumer expectations is what it is all about. For a long time it was easy for farmers to subconsciously consider their “consumer” to be the elevator that bought their grain or the buyer at the local auction barn who purchased their steer. But as the value chain has become more vertically integrated so have the expectations.

As a result, consumers, who are concerned about the release of nitrogen and phosphorus into the nation’s waterways, have made their wishes known to retail establishments like McDonald’s and Walmart who in turn have communicated these concerns to their suppliers all the way back through the supply chain to the producer of the original inputs—farmers, growers, and ranchers.

With an increasing amount of disposable income, many consumers are no longer simply focused on getting the most food for the fewest dollars. They want to know where their food comes from. They want to know how it was produced. The concerns they have about the environment is reflected in the purchases they make—witness the growing popularity of organic and natural foods, and eggs produced by a wide variety of practices to meet the preferences of different consumers.

What does all this mean to those of us in the agricultural sector? It may mean that the toughest standards are not going to come from the Environmental Protection Agency’s rule on “Waters of the US” or from the Food and Drug Administration’s decisions about antibiotic use in food animal production. The toughest standards may come about through the value chain that directly reflects consumer wants and expectations.

That is hard to argue with since that’s exactly the way free markets are supposed to work.

This all seems to mean that producers will increasingly need to be more attentive to the changing preferences and expectations of the ultimate consumers of food and natural fibers.

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