The dynamics of animal welfare’s influence on the agricultural supply chain.
A look at the supply chain...

1. Farmers and ranchers
2. Terminal markets
3. Slaughter/fabrication facilities
4. Further processors
5. Wholesalers
6. Retailers
7. End user
Where does animal welfare impact the supply chain?
Generally impacted by handling and husbandry practices.

Focus of considerable research attention.

- Search terms: Animal welfare AND Pigs
  - Past 2 years: 66 peer-reviewed articles
  - Past 10 years: 169 peer-reviewed articles

Factors that may impact animal welfare can be isolated and tested.
Indirect effects:

- How do earlier practices impact downstream members of the supply chain?
  - Product functionality, acceptability, consumer perception.
- Historically, supply chain segmentation has complicated the isolation of indirect effects.
- The pool of peer-reviewed literature concerning indirect effects is growing.
- Search terms: Animal welfare AND consumer
  - Past 2 years: 38 publications
  - Past 10 years: 95 publications
Influence of media on product acceptability.

DTN Early Word Opening Livestock
Livestock Futures Expected to Open on Mixed Basis
John Harrington DTN Livestock Analyst
Thu Apr 21, 2011 05:25 AM CDT

“The video, which has been posted to the internet, pressured live cattle futures on the Chicago Mercantile Exchange. Traders were concerned its graphic nature would cause a pullback in consumer demand for beef. The video helped to push June futures **down 1.3% to $1.1565 a pound** after the contract hit a two-week high earlier in the trading day.”

- Tonsor and Olynk (2011)
  - Long-run pork and poultry demand were negatively impacted by animal welfare media coverage.
    - Beef was not directly impacted.
  - A reduction in demand for one animal protein did not appear to prompt an increase in another.
Example: Product acceptability

- Napolitano et al. (2008)
  - Tested willingness to pay (WTP) for two types of yogurt, with and without animal welfare information.
    - Test 1: Yogurt taste test (Plain vs. Low fat)
    - Test 2: Animal welfare information (Hygiene and movement)
    - Test 3: Yogurt and information
  - Results:
    - WTP was approximately 1 € greater \((P < 0.001)\) for plain yogurt when no information was provided.
    - Addition of high hygiene / high freedom of movement information increased WTP.
    - WTP decreased if product quality was less acceptable.
The impact of animal welfare, positive or negative, can impact downstream members of the supply chain.

- Direct and indirect effects can be observed.

Animal welfare plays a role in consumer purchase decisions.

- Messaging and behavior must converge to maintain the benefits of positive animal welfare statements or labeling.
Questions and Discussion

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References
