mCOOL

NCBA Vice President of Government Affairs Colin Woodall addressed multiple committee meetings, reviewing the status of USDA's mandatory country-of-origin labeling rule and NCBA's decision to join with organizations seeking to block its implementation.

The mCOOL rule, finalized in May, revised existing labeling provisions to require muscle cuts of meat to carry information regarding where animals from which the cuts were taken were born, raised and slaughtered. The new rule also removes the previous allowance for commingling of muscle cuts from different countries of origin. According to Woodall, USDA issued the rule after the World Trade Organization (WTO) determined COOL was discriminatory and violated U.S. trade obligations.

"This is a mandatory marketing program, mandated by the government," stated Woodall. "We warned [Congress] in 2008 of the potential consequences. Now we have five years of data to prove it. We can show that it increases costs for the industry and consumers don't really care — not when it comes to buying beef. They say they want to know where beef comes from, but when they vote with their pocketbook, it's a different story."

►Colin Woodall addressed multiple committee meetings, reviewing the status of USDA's mCOOL rule and NCBA's decision to join with organizations seeking to block its implementation.

Woodall said NCBA is taking a legislative approach, seeking repeal of mCOOL, but also a legal approach by joining with organizations that have filed for an injunction halting implementation of the current rule. Those include the American Association of Meat Processors, American Meat Institute, National Pork Producers Council, North American Meat Association, Southwest Meat Association, Canadian Cattlemen's Association, Canadian Pork Council and Mexico's National Confederation of Livestock Organizations.

The plaintiffs have stated that USDA's Agricultural Marketing Service has itself said the mCOOL program is neither a food safety nor a traceability program. Their injunction request claims the rule violates the plaintiffs' First Amendment speech rights, exceeds the authority granted to USDA in the 2008 Farm Bill and is arbitrary and capricious, offering little benefit to consumers, while fundamentally altering the meat and poultry industry.

"We are taking action to show the proponents of COOL are wrong, and it won't make U.S. producers more money," said Woodall. "We could not sit back on the sidelines."

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Demand study reveals why they buy

Consumer demand is what drives prices and profitability for every segment of the beef industry. Explaining what drives demand is not so simple. According to Purdue University economist James Mintert, consumers are influenced by a complex assortment of factors.

►Purdue University economist James Mintert described the checkoff-funded 2013 Beef Demand Study.

Along with fellow economist Glynn Tonsor of Kansas State University (K-State), Mintert addressed cattlemen assembled for the Cattle Industry Summer Conference in Denver, Colo. They talked about the 2013 Beef Demand Study, which they and K-State's Ted Schroeder completed earlier this summer. Funded with beef checkoff dollars, the research objective was to identify the best opportunities for the industry to influence consumer demand positively.

"We looked at demand from 2000 to the present," said Mintert. "We surveyed consumers about the importance of key demand factors. We also surveyed industry experts, asking what is most important, and we asked if the industry could influence those most important factors. Then, we considered what might happen over the next few years."

The list of factors influencing consumer demand for beef was distilled into seven broad groups: food safety, nutrition, health, social aspects, sustainability, product quality (taste and tenderness) and price. When those were ranked according to their importance to consumers and in expert assessments, price, food safety and product quality were at the top and considered of nearly equal importance.

►Price, food safety and product quality were considered to be the three factors of highest importance to consumers, said Glynn Tonsor, reporting results of the 2013 Beef Demand Study.

"Those three determinants of demand were considered to be of highest importance. It's feasible for the industry to influence food safety and product quality. Price also has a notable impact, but that is difficult to influence," offered Tonsor.

In the next lower tier of relative importance were nutrition and health. Tonsor said they definitely matter, and there is some opportunity to influence these demand drivers. In the lowest tier were sustainability and social aspects.

"They were least important, but you can't ignore them. However, they are hardest to influence," Tonsor added.

As a result of the study, the following were listed as recommended priorities when considering programs for investment of beef checkoff dollars:

1. Invest in food safety enhancements and assurances.
2. Emphasize product quality, offering consistency for flavor and tenderness.
3. Price figures prominently in consumer purchases. The industry should embrace opportunities to enhance efficiency through technologies, and thus exert as much influence as possible on price.
4. Continue industry attention to promoting healthful and nutritional aspects of beef. The advantages of protein and minerals, including iron and zinc, may most appeal to younger consumers.
5. Investments in programs that address social and sustainability issues may have a lower demand-enhancement payoff than investments in other key areas. However, responding to these issues may be a 'cost of doing business.'

"Investments in programs that affect more than one area would be well worth consideration," said Tonsor. "But remember this story is dynamic. Things could be different in three years or five years, so industry response has to change and be current. Whatever strategy is used, it needs to be multi-faceted."