

# Defining the Future of Animal Agriculture

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## ■ Take Home Messages

- ▶ The move from an agrarian model to an industrial model of production has opened the door for non-governmental organizations and activist groups to pressure brands and force change in production practices.
- ▶ Research proves confidence (shared values, ethics) is three to five times more important than competence (skills, ability) for consumers in determining who they trust in the food system.
- ▶ Building trust requires an increase in early stakeholder engagement, transparency, professionalism, assessment and verification at all levels of production.

Animal agriculture is under increasing pressure. In addition to the traditional challenges of herd health, productivity and profitability there are growing questions about our production systems and practices. Activist groups opposed to contemporary production practices are pursuing litigation, pressuring customers and initiating new regulations to change the way we operate. Customers and consumers are asking questions about animal welfare, sustainability, pre-harvest food safety, nutrition and other issues. We need to re-define today's dairy to build consumer trust. The foundation for sustained trust and support will be built on our ability to demonstrate that today's dairy practices are ethically grounded, scientifically verified and economically viable.

The changing structure of animal agriculture, the increasing influence of global brands, the sophistication and influence of activist groups and the explosion of social networking and new media create a new environment that requires those in animal agriculture to explore new ways to build consumer trust and protect our freedom to operate. We need to demonstrate to the rational majority that even though the size and scale of dairy farms has changed, the commitment of dairy farmers to do what's right has never been stronger.

## ■ Our Changing Structure

The changes in agriculture over the past 100 years have been remarkable. Today we employ technology our grandparents never dreamed of. Our adoption of technology and the related increase in efficiency and productivity resulted in fewer people being involved in food production. According to the U.S. Census Bureau, in 1900, 36% of all U.S. occupations were “agricultural pursuits.” In 1950, 11.6% of all U.S. occupations were farmers, farm managers or farm laborers. In 2000, 0.7% of the U.S. population was employed in farming, forestry or fishing.

Until the late 20<sup>th</sup> century, we produced food using the agrarian model (Figure 1). We had millions of producers selling commodities to local buyers who would aggregate loads and take them to a processor or packer who would then sell to a regional or local brand. In this model it was very difficult to send an efficient market signal from the regional or local brand all the way back to the producer. In the agrarian model, if a non-governmental organization (NGO) or activist group wanted to change the behavior of a producer, the only way to do so was through legislation or regulation. NGOs could not apply pressure to the local or regional brand and expect change at the point of production.

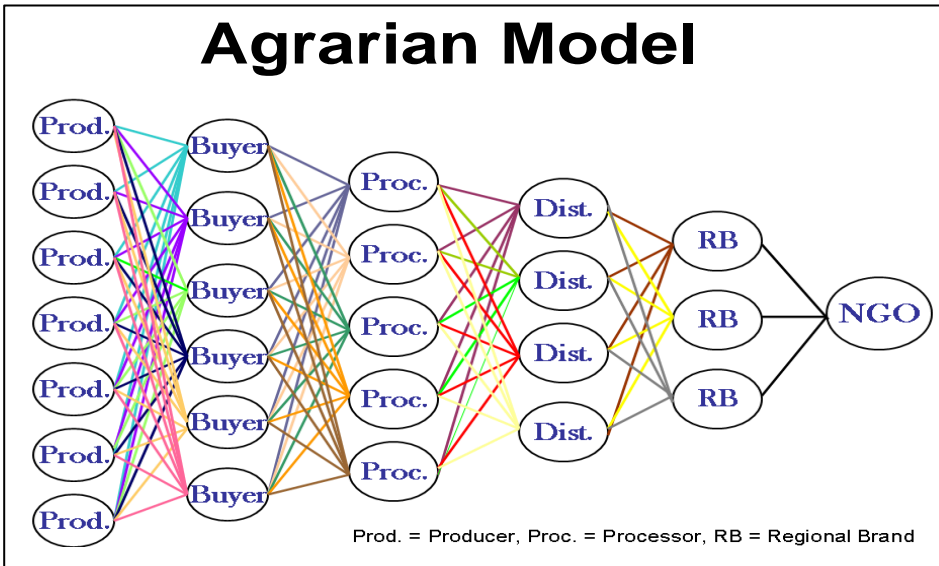


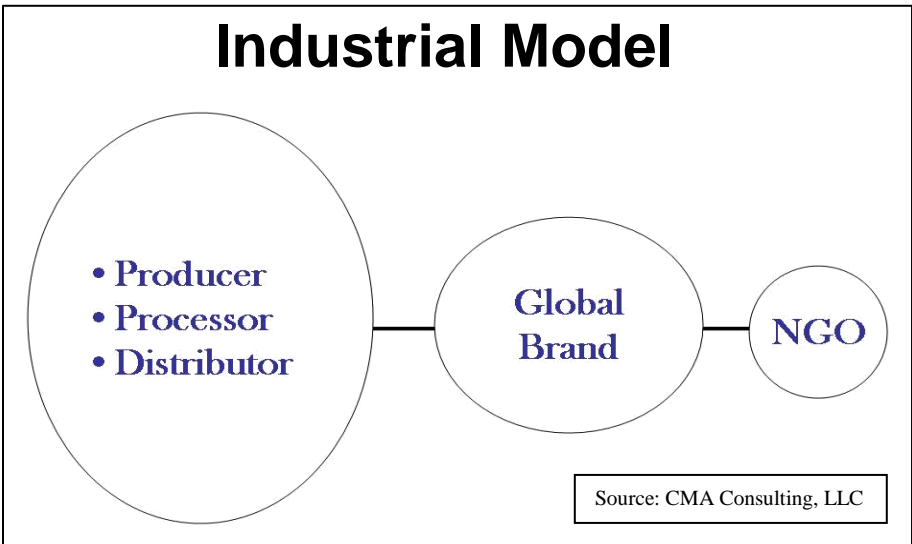
Figure 1. The agrarian model of food production

We no longer operate in the disintegrated agrarian model. Today we operate in an industrial model (Figure 2) where the adoption of technology, consolidation and integration has dramatically changed how the food system operates and how it is perceived by consumers.

In the U.S. today:

- ▶ The top ten food retailers sell more than 75% of the food.
- ▶ The top ten chicken companies produce 79% of the chicken.
- ▶ The top 50 dairy cooperatives produce 79% of the milk.
- ▶ The top 60 egg companies produce 85% of the eggs.
- ▶ The top 20 pork producers produce more than 50% of the pork. (2% of pork producers produce 80%)
- ▶ The top 10 pork packers process 87% of the pork.
- ▶ The top four beef packers process more than 80% of the beef.

The transition to the industrial model brought with it improved food safety, increased product variety, improved consistency and a reliable and affordable source of nutritious food for consumers. Unfortunately, it also means fewer people being connected to the food system and reduced understanding and appreciation for how food is produced. The result has been diminished consumer trust and confidence in today's animal agriculture and a corresponding increase in consumer concern and activist pressure.



**Figure 2: The industrial model of food production**

## ■ Brands as Agents of Social Change

In the industrial model of food production, the link between NGOs, global brands and food production is short and direct. NGOs such as Greenpeace and People for the Ethical Treatment of Animals are now embracing market based campaigns as well as legislation and litigation to achieve their objectives.

Kert Davies, director of research for Greenpeace, is quoted as saying that discovering brands was like discovering gunpowder, and that Greenpeace attacks the weakest link in a brand's supply chain. If specific practices in the dairy industry are perceived to be a threat to sustainability or environmental integrity, the industry should expect groups like Greenpeace to exert market pressure as well as legislation or litigation to change those practices believed to threaten environmental sustainability.

Animal rights activists are increasing their activity with a corresponding increase in interest in animal law. More than 90 colleges and universities in the U.S. now offer courses in animal law compared to only a handful a decade ago. USA Today compared the growing interest in animal law to the explosion in environmental law in the 1970s. Animal agriculture should work to ensure the environmental challenges the industry faced in the 1980's and 1990's aren't a precursor for twenty years of new animal welfare legislation, regulation, and litigation.

The only experience most Americans have with animals is with pets. PETA and other groups are exploiting the anthropomorphism and agricultural alienation in our affluent society to promote their agenda. At times, that includes pressuring branded food companies. And, the companies are listening.

Global food companies have invested millions of dollars in building and defending their brand and they can ill afford to have the practices of their supply chain put the brand at risk. It is no more the job of McDonald's or Walmart to defend animal agriculture than it is of animal agriculture to defend those who supply the industry inputs. However, animal agriculture can and should engage the entire supply chain in efforts to build consumer trust. That is a goal shared by everyone in the chain.

McDonald's, Walmart and others who sell products derived from food animals have a vested interest in a consistent, safe and affordable supply. Those in animal agriculture can help secure the support of customers by working to build consumer trust and understanding of contemporary production systems. Research indicates consumers want to continue to consume meat, milk and eggs; they also want permission to believe the products are produced in a responsible, humane manner.

Market leaders like McDonald's and Walmart are fully aware of the relationship between NGOs, brands and the supply chain and they work to manage the risk to their brand and their customers.

Animal agriculture can build customer support by increasing consumer trust and confidence and ensuring contemporary practices are consistent with the values and expectations of stakeholders.

## ■ **The Social License to Operate**

Every organization, no matter how large or small, operates with some level of social license. A social license is the privilege of operating with minimal government regulation based on maintaining public trust by doing what's right. You are granted a social license when you operate in a way that is consistent with the ethics, values and expectations of your stakeholders. Your stakeholders include customers, employees, the local community, regulators, legislators and the media.

Once lost, either through a single event or a series of events that reduce or eliminate public trust, social license is replaced with social control. Social control is regulation, legislation or litigation designed to compel you to perform to the expectations of your stakeholders. Operating with a social license is flexible and low cost. Operating with a high degree of social control increases costs, reduces operational flexibility and increases bureaucratic compliance.

The social license once enjoyed by livestock producers to manage manure has been replaced with a costly system of permitting and compliance. Once public trust is violated, the tipping point is crossed and high cost, bureaucratic regulation replaces flexible, lower cost social license. Once social control is in place it can be modified, but social license is never fully recovered.

The question then becomes, what can be done to maintain public trust that grants the social license and protects freedom to operate?

## ■ **A New Model For Building Trust**

In 2006, CMA commissioned a meta-analysis of all the available research on the question of trust in the food system. Through that analysis done in partnership with Dr. Stephen Sapp, Department of Sociology, Iowa State University, we were able to determine three primary elements that drive trust in the food system. Those three elements are confidence, competence and influential others (Figure 3).

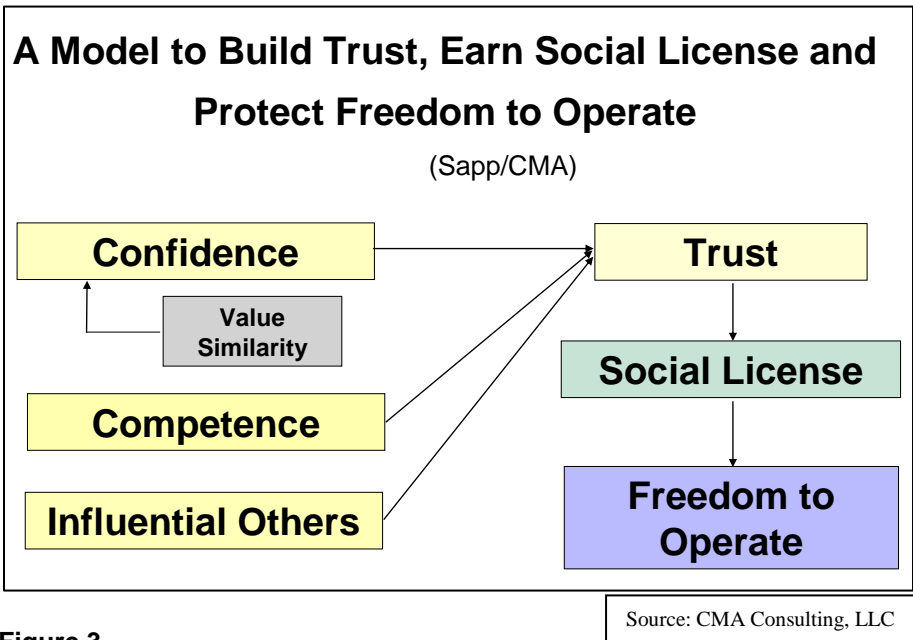
Confidence is related to perceived shared values and ethics and a belief that an individual or group will do the right thing. Competence is about skills,

ability and technical capacity. Influential others include family and friends as well as respected, credentialed individuals like doctors and veterinarians.

In late 2007, CMA launched a nationwide consumer survey on behalf of The Center for Food Integrity to determine the role that confidence, competence and influential others play in creating and maintaining trust. We specifically asked consumers to rate their level of confidence, competence and trust in various groups of influential others in the food system. We asked questions related to food safety, environmental protection, nutrition, animal well-being and worker care.

The results of the survey were consistent and conclusive. On every single issue, confidence, or shared values, was three to five times more important than competence for consumers in determining who they will trust in the food system. That research has now been peer reviewed and was published in December 2009 in *The Journal of Rural Sociology*.

These results should serve as a call to action for animal agriculture. No longer is it sufficient to rely solely on science or to attack our attackers as a means of protecting self-interest. This new environment requires new ways of engaging and new methods of communicating if we want to build trust, earn and maintain social license and protect our freedom to operate.



**Figure 3.**

## ■ Conclusion – It’s about Trust

Building trust requires an increase in early stakeholder engagement, transparency, professionalism, assessment and verification at all levels of the production and processing system. We have to give customers, policy makers, community leaders and consumers permission to believe that contemporary animal agriculture is consistent with their values and expectations. If we fail we will continue to see pressure to revoke our social license to operate and replace it with greater social control of our production practices, our environmental practices, and our use of technology.

To be successful we have to build and communicate an ethical foundation for our activity and engage in value-based communication if we want to build the trust that protects our freedom to operate









