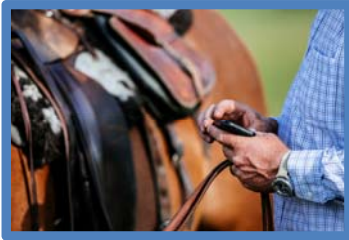


## Food, Consumers and Their Influence on Agriculture

Montana Nutrition Conference and Livestock  
Forum  
April 28, 2015  
Montana State University



Nevil Speer, PhD, MBA  
U.S. Operations  
AgriClear, Inc.  
Bowling Green, KY



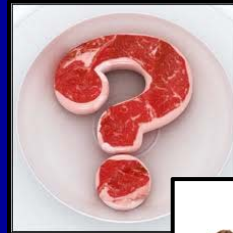
## FOOD CONSUMERS



## General Customer Demands

James Womack and Daniel Jones: Lean Solutions: How Companies and Customers Can Create Value and Wealth Together, c. 2005

1. Solve my problem completely
2. Don't waste my time
3. Provide exactly what I want
4. Deliver value where I want it
5. Supply value when I want it
6. Reduce the number of decisions I must make!!



## "THE" Consumer?

### Market Segmentation Increasingly Complex

- Palatability / eating satisfaction
- Health / wellness attributes
- Food safety
- Animal welfare / social aspects
- Convenience
- Product story
- Brand recognition
- Consistency
- Low price / high value
- Personalized shopping experience



All occur to varying degrees!!!!

## The Working Environment



- Food is complex
  - Mix of science, business and values
- Consumers are time-starved
  - Difficult to make meaningful assessment of food production systems, products and processes.
- Facts often get overlooked
  - Neither easily or quickly understood
    - Default: push back against science and/or productivity
  - Conversation devolves into intangibles
    - Emotion / Fear
  - Food ends up battling bad science and half-truths
  - Erosion of connectedness
  - Consumers clamoring for meaning
    - Farmer's Markets

## Perception Matters!

Comments referenced from Larry Pope, CEO (SFD)  
February 21, 2008 – USDA Outlook Forum

- “[In the grocery store] it’s our product being sold...we feel the real market”
- Customers care about the background of their food
  - It’s a **family consumable!**
  - That’s “*radically different*” than it was previously
- Each incident causes consumers to trust us a “*little bit less*”
- “We can’t do business that way [i.e. segmented] going forward....The consumer is forcing us [to change]...”
  - Producers can’t remain independent



# NEW EMPHASIS



## Viewpoint

### Consumers want narrative with food purchases

FINAL results of the 2011  
National Beef Quality  
Audit

#### Viewpoint

designated for specific  
domestic and export

however, all aspects of  
the food business should

entire food industry. A  
simple focus on product  
attributes is no longer

Feedstuffs, September 10, 2012

## Opinion

Feedstuffs, April 9, 2012

## Opinion

### Communicate to turn tide of cynicism

U.S. citizens enjoy unprecedented affluence compared to the rest of the world largely as a result of continuous productivity and efficiency advancements at the farm level. Despite those gains, consumers seemingly have become increasingly cynical and outspoken about their food system in recent years.

#### Viewpoint

with NEVIL SPEER\*  
The primary intent of the feature was to highlight the

#### Viewpoint

SEVERAL weeks ago, while in the grips of this summer's heat wave, a Facebook posting grabbed my attention. It was a familiar scene: an individual out on the street holding

### New tack needed on food literacy

The food system always up for criticism who has not actively interested in agriculture and the food industry. That's because the structure of the system

#### Viewpoint

with NEVIL SPEER\*  
the food system. Adding depth to subjects, we also have to deal with social media. Now the speed with which false information travels has

Feedstuffs, September 3, 2012

## Opinion

### Honest dialogue facilitates survival

Most households have a few obsessions. "Lost," the original run of the series on television, during that time, I remember others

#### Viewpoint

with NEVIL SPEER\*  
management over time. The outcome of those developments leads to improved productivity across all animal agriculture. There exists any number of favorable

such, companies are responding accordingly, as evidenced by the host of announcements about the intent to transition their respective supply chains. Sure, some don't like that

are merely responding to ensure business continuity for the foreseeable future. More importantly, they're asserting industry leadership and, thus, the ability to control the

## BOTH!!! QUALITY AND STORY!!!

1991	1995	2000	2005	2011
External fat	Overall uniformity	Overall uniformity	Traceability	Food safety
Seam fat	Overall palatability	Carcass weights	Overall uniformity	Eating satisfaction
Overall palatability	Marbling	Tenderness	Instrument grading	How, when, where cattle were raised
Tenderness	Tenderness	Marbling	Market signals	Lean, fat, bone
Overall cutability	External and seam fat	Reduced quality due to implants	Segmentation	Weight and size
Marbling	Cut weights	External fat	Carcass weights	Cattle genetics

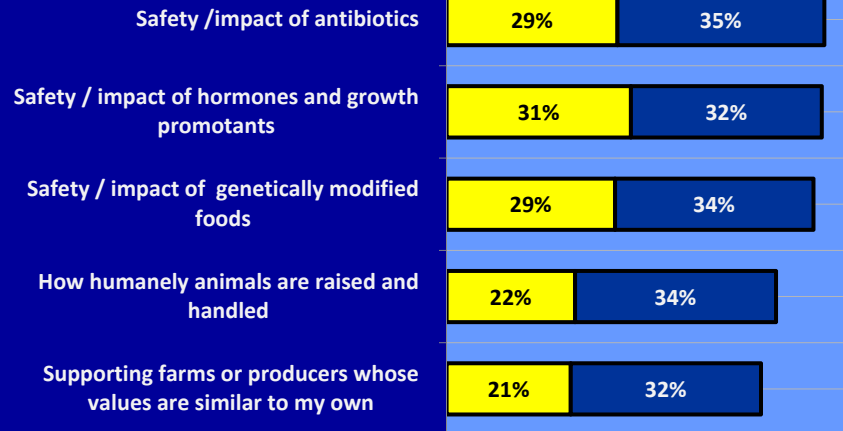
Change in requirements / focus / emphasis over time

### How have your attitudes about the following food issues changed over the past few years?

Adapted from SMG / WFCF

■ Much more concerned

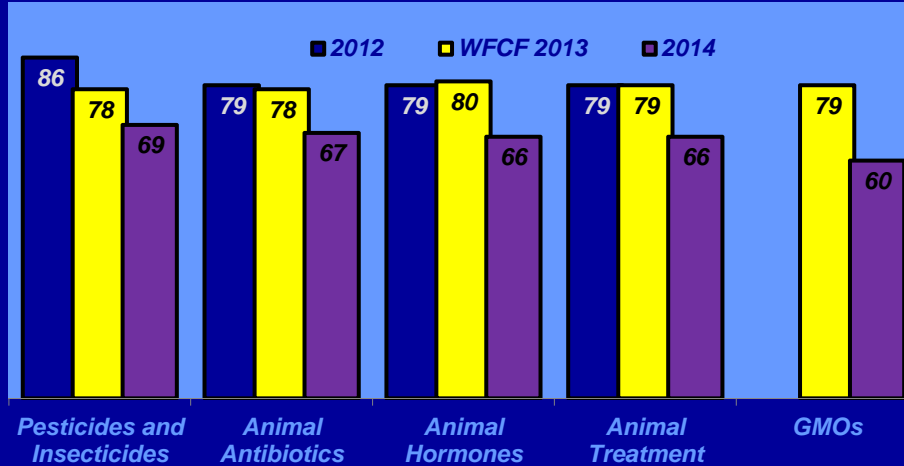
■ More concerned



n=705

### Concern Regarding Specific Production Practices (% respondents)

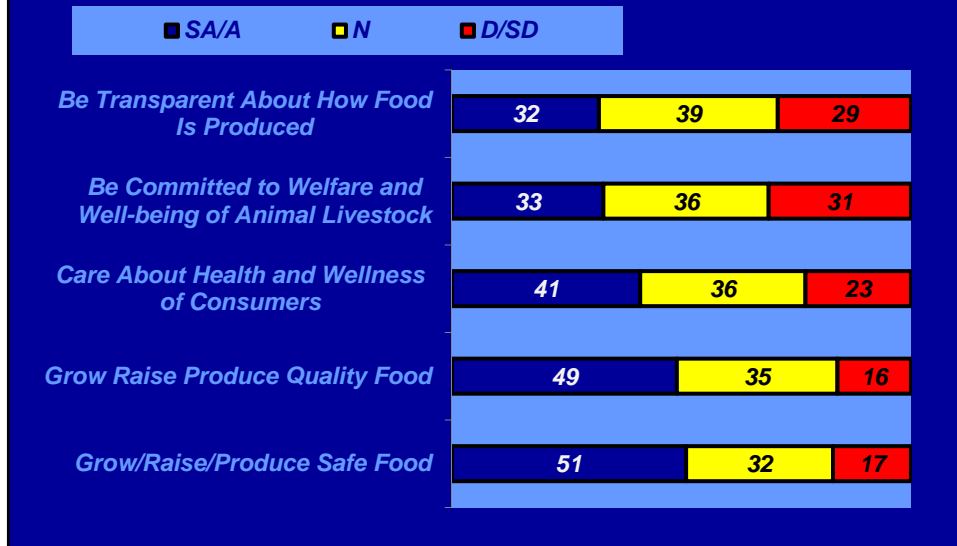
Adapted from Sullivan, Higdon & Sink and FoodThink and Where Food Comes From





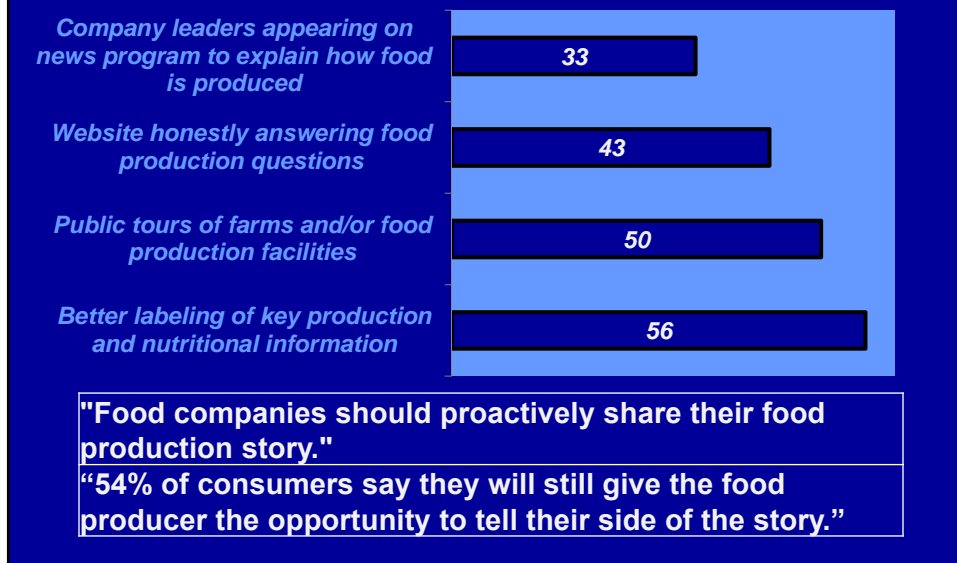
## How Much Do You Trust The Food Industry To...(% Respondents)

Adapted from Sullivan, Higdon & Sink - FoodThink



## General Effectiveness in Building Trust (% respondents)

Adapted from Sullivan, Higdon & Sink - FoodThink



## MAKING (NON) SENSE OF IT ALL

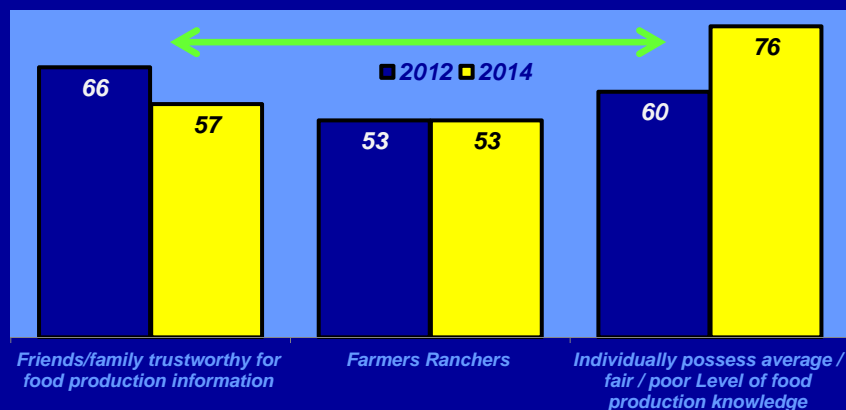


**“The world makes much less sense than you think. The coherence comes mostly from the way your mind works.”**

Kahneman, Daniel: Thinking, Fast and Slow

### Disconnect: Trusted Sources of Knowledge: 2014 vs 2012 (% Respondents)

Adapted from Sullivan, Higdon & Sink - FoodThink



***"Americans still overwhelmingly trust information about food production that they receive via word-of-mouth, especially from friends and family."***

## Food Gossip

- Rate and scope of information transfer has increased immensely!
  - Says nothing to quality of information
- Consumers get bombarded by loads of information
  - Food gossip
  - Never positive!



**FOOD GOSSIP:** Don't let consumers fall prey to "food gossip" from the fast dissemination of bad information.

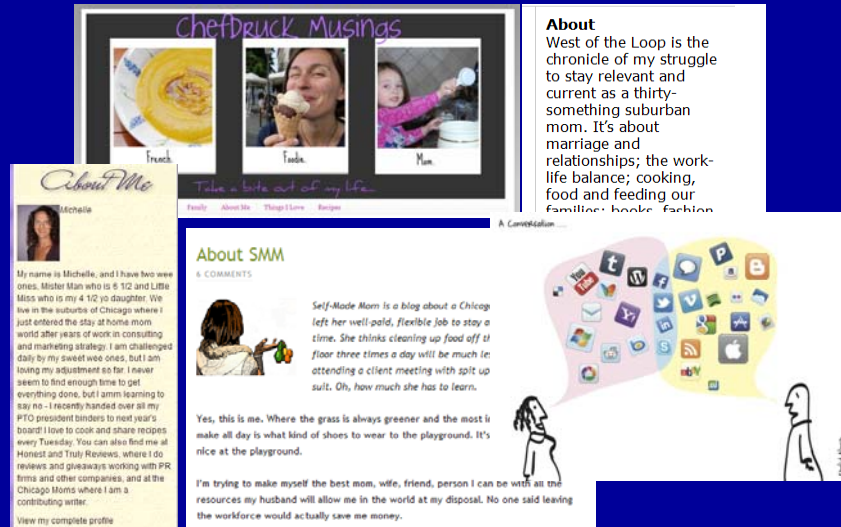
## The Power of the Post Recession Consumer

John Gerzema and Michael D'Antonio, Strategy + Business

- "Say hello to a lifestyle more focused on community, connection, quality and creativity."
- "People are returning to old-fashioned values to build new lives of purpose and connection."
- "They also realize that how they spend their money is a form of power, and are moving from mindless consumption to mindful consumption, **increasingly taking care to purchase goods and services from sellers that meet their standards and reflect their values.**"



## Moms That Blog: Vanessa Druckman, Emily Paster, Michelle Price, Sara Fisher



## Intangible Benefits

From: Speer, Nevil [mailto:nevil.speer@wku.edu]

Sent: May 9, 2011 1:57 PM

To: John Saunders; Leann Saunders; David Moss

Sitting thru CFI's meeting...the only, only, only way we really get to consumers is directly thru the products they buy - it's the primary area of engagement.

And the only way that really is effective is thru traceability!!! If we want to tell our story (the correct story) and back-fill the huge knowledge gap between consumers and the food they buy, we have to implement traceability - market-driven, capitalist, entrepreneurial!!!

Let's quit wringing our hands in animal agriculture about all the misperceptions and just do it.

## THE TIME IS NOW



**"Change is not made without inconvenience,  
even from worse to better."**

Richard Hooker

**Customer Centricity:  
Creating A Positive Consumer Experience –  
At The Point of Sale AND Post-Sale**

*"The path to sustainable, profitable growth begins with  
creating more promoters [happy customers] and few  
detractors [unhappy customers]....It's that simple and  
that profound."*

Frederick Reichheld, [Harvard Business Review](#), Dec. 2003



1. Don't blame the consumer!
  - Not their fault
  - Safe / easy thing to do is trust the skepticism
  - When you're time-starved but not hungry, best strategy is to avoid versus evaluate

## Hearts AND Minds



2. Win hearts and minds
  - Outflank the media and go directly to consumers
  - Create a compelling message on the other side
  - Best place for that to occur is at the point of purchase

## Be A Step Ahead of The Questions

- More knowledge is essential
  - Often the answer is to, "Educate the consumer"
    - That's typically a top-down, talk-at, propaganda-esque approach
    - Ineffective at winning over consumers
  - "...the most effective strategy for reaching consumers who care about [food] is back-and-forth dialogue that answers their questions, not mass marketing. These are engaged consumers who want to have a conversation about the issues they care about – like what our practices mean for their long-term health – rather than just seeing pretty images or hearing short sound bites."
 

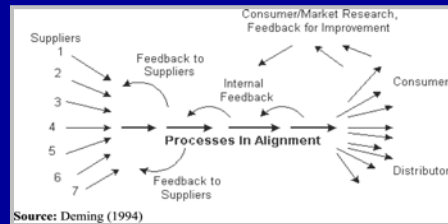
(Murray and lundeen, Beef Issues Quarterly)
  - Relationship (yes, it's squishy!)

## Become A Food-Producer Partner!!!

Shelf-Centered Collaboration

Kauffeld, Sauer and Bergson: Strategy + Business, Autumn 2007

- The overarching goal is for each function and each business in the value chain to think end-to-end about the entire network of participants, from the first supplier to the end consumer.
- [by doing so] they can now contribute to making the entire value chain more effective and responsive.



IMI Global Ticker:  
WFCF



Third-party verified

Third-party verified

Farmer/Rancher



IMI Global audits programs for consistency and accuracy

Message

Consumer



Consumers benefit by knowing where food comes from

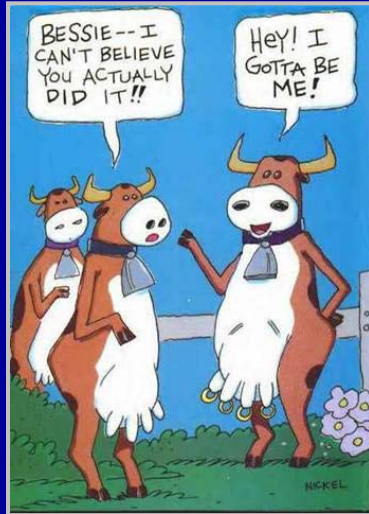
Processor



USDA verifies program compliance

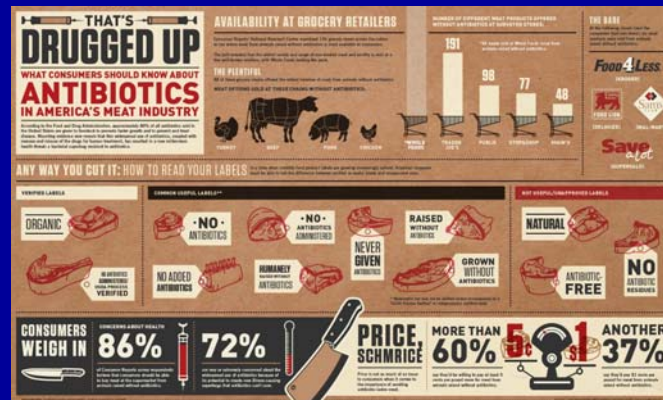
Copyright © 2012 IMI Global, Inc.

## MARKET DIFFERENTIATION!!



The more fully traceable attributes endure through the supply chain and impact the ultimate end-user the more valuable traceability becomes

## ANTIBIOTICS



### Antibiotics need all-inclusive solutions

FUTURE OF FOOD

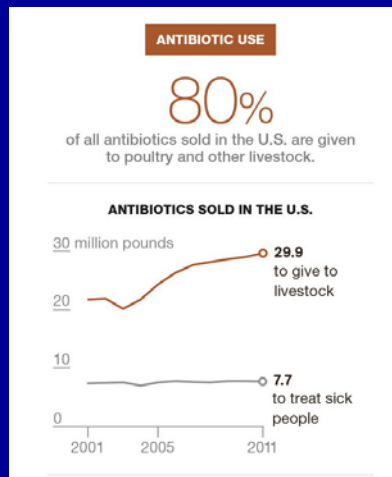
## Should We Continue to Feed Antibiotics to Livestock?

Currently 80 percent of all antibiotics sold in the U.S. are given to poultry and livestock.

By **Kelsey Nowakowski**  
PUBLISHED FEBRUARY 13, 2015



### Standard Talking Point



- Remove ionophores from consideration
  - ✓ Moves the ratio to 3-to-1
- Sales includes companion animals
  - ✓ Dogs, Cats, Horses
- Comparison
  - ✓ Animals = ~135 B lb
  - ✓ Humans = ~46.5 B lb
  - ✓ Ratio = 3-to-1
- Pound for pound: equal sales!!!!

## Standard Talking Point #2



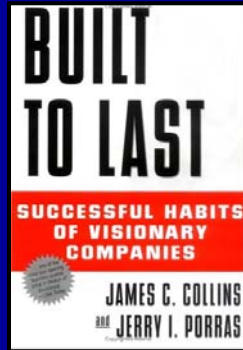
- 60% of deaths directly attributable to *C. difficile*
  - ✓ CDC: “unique bacterial infection...not significantly resistant to the drugs used to treat it, is directly related to antibiotic use and resistance.”
  - ✓ Human medicine, not veterinary medicine
- Other two urgent threats outlined by CDC:
  - ✓ Carbapenem-resistant Enterobacteriaceae (typically resulting in patients with devices – e.g. ventilators)
  - ✓ Drug-resistant *Neisseria gonorrhea*

## Standard Talking Point #3



- Resistance is complicated!
- Dr. Steve Solomon, CDC: “...single most complex problem in public health.”
- Lancet: “Antibiotic resistance arises because of actions in health care, the pharmaceutical industry, agriculture and the community....[there exists] interconnectedness of the problem.”

## PRESERVE THE CORE / STIMULATE PROGRESS



*If an [industry] is to meet the challenges of a changing world, it must be prepared to change everything about itself except [its basic] beliefs...*

*The only sacred cow in an organization should be its basic philosophy of doing business.*

**PRESERVING THE PAST  
FIGHTING FOR THE FUTURE**

MEET "THE NEXT GENERATION OF AMERICAN FARMERS."

EntreLeadership®

Charismatic  
Passionate  
Integrity  
Humble  
Servant  
Inspiring  
Faithful  
Persevering  
Positive  
Flexible  
Driven



8 Feedstuffs, December 22, 2014

Opinion

## Food doesn't happen by accident



“From my perspective, the scene was profound. It served as a reminder of the behind-the-scenes intricacy involved in getting food to our tables – something we often take for granted. The fact that we can take it for granted is something for which we all should be thankful.”

## QUESTIONS / COMMENTS?



Nevil Speer, PhD, MBA

