

Source: KANSAS STATE UNIV submitted to 

**EX POST IMPACT OF MCOOL: EXTENSIVE ASSESSMENT COMPARING NOVEL DEMAND ESTIMATION TECHNIQUES&#8194;**

<b>Sponsoring Institution</b>	National Institute of Food and Agriculture	<b>Project Status</b>	TERMINATED
		<b>Funding Source</b>	AFRI COMPETITIVE GRANT
<b>Reporting Frequency</b>	Annual	<b>Accession No.</b>	0221913
<b>Grant No.</b>	2010-65400-20847	<b>Project No.</b>	KS601644
<b>Proposal No.</b>	2009-04126	<b>Multistate No.</b>	(N/A)
<b>Program Code</b>	96160	<b>Project Start Date</b>	Jun 15, 2010
<b>Project End Date</b>	Dec 31, 2012	<b>Grant Year</b>	2013

**Project Director**  
TONSOR, G.

**Recipient Organization**  
KANSAS STATE UNIV  
(N/A)  
MANHATTAN,KS 66506

**Performing Department**  
Agri Economics

**Non Technical Summary**

The United States implemented mandatory country of origin labeling (MCOOL) in September 2008. Given the controversial nature of MCOOL a range of ex ante economic impact assessments were conducted. However, no ex post evaluation has been completed. The economic impact of MCOOL hinges upon any value of the added label information to consumers. The value of MCOOL to consumers needs careful assessment in an ex post setting using novel estimation approaches as aggregate demand analyses is inadequate to determine value of such a newly enacted labeling law. Accordingly, the two core purposes of this research are 1) to provide an ex post evaluation of MCOOL and 2) to assess food demand methodological and data selection issues, and their impact on an MCOOL assessment. To accomplish these objectives, we will employ a multi-methods approach utilizing transaction data of meat purchases, as well as experimental economics methods involving in-store and online experiments with consumers. Our novel approach not only provides the first ex post economic impact assessment of MCOOL, but also contributes a robust evaluation of previously unexamined, but valuable meat demand estimation techniques. Given our focus on understanding the impacts of MCOOL, which are heavily influenced by United States consumer preferences, and evaluation of previously unexamined methodological issues in food demand analyses, this project directly addresses priority area #3 of the Agribusiness Markets & Trade program.&#8194;

**Animal Health Component** 50%

**Research Effort Categories**

Basic 50%  
Applied 50%  
Developmental (N/A)

## Classification

Knowledge Area (KA)	Subject of Investigation (SOI)	Field of Science (FOS)	Percent
603	3320	3010	34%
603	3520	3010	33%
603	3260	3010	33%

Knowledge Area  
603 - Market Economics;

Subject Of Investigation  
3520 - Meat, swine; 3320 - Meat, beef cattle; 3260 - Poultry meat;

Field Of Science  
3010 - Economics;

## Keywords

meat demand, country of origin labeling, separability assumptions, experimental economics, scanner data, value of information

## Goals / Objectives

In this project, Drs. Tonsor, Lusk, Taylor, and Schroeder will meet these objectives and fill existing knowledge gaps by a) estimating domestic meat demand adjustments induced by MCOOL; b) identifying the value of MCOOL information to consumers; c) investigating the impact of using alternative stated- or revealed-preference data sources; d) evaluating the impact of meat product separability assumptions; and e) exploring the importance of using quantity-weighted prices rather than traditionally used simple average prices in applied demand analyses. Accordingly, the two core purposes of this research are 1) to provide an ex post evaluation of MCOOL and 2) to assess food demand methodological and data selection issues, and their impact on an MCOOL assessment. We expect to find that MCOOL's impacts have been small and varied across product type. In particular, we anticipate most consumers are unaware of the regulation change and accordingly our estimates of MCOOL's value of information will not be sizeable. That said, these expected findings are difficult to forecast given the novelty of our ex post assessment and range of methodological considerations that previously have been omitted. Broader short-term outcomes include improvements in upcoming WTO discussions, more accurate discussions domestically on the effect of MCOOL and the value in additional adjustments in its implementation, etc. Longer-term outcomes include improved understanding of the impacts of labeling regulation on consumers and the appropriateness of a range of food demand methods that have previously been used and imposed without formal evaluation for correctness.

## Project Methods

The overriding approach is to gather detailed information from consumers with in-person (approach I) and online (approach II) surveys and experiments, as well as through purchasing behavior data (approach III) to conduct a thorough examination of MCOOL's impacts. Our first approach can be summarized as using experimental data, obtained from intercepting grocery shoppers in participating stores, to evaluate the value of information (VOI) MCOOL has provided. Our first approach uses survey and experimental methods with grocery store shoppers to assess the value of information provided by MCOOL. Our second approach is very similar with the core difference being summarized as use of online survey and experimental methods, rather than in-person methods. Our first two approaches use survey and experimental methods to assess the value of information provided by MCOOL. Our final approach can be summarized as using point-of-sale (POS) data to evaluate the impact of MCOOL while considering the sensitivity to selection of price data and separability assumptions. Point-of-sale data will be used to estimate a series of meat demand functions.

**Progress** 06/15/10 to 12/31/12

## Outputs

OUTPUTS: Project findings have been widely disseminated to livestock industry stakeholders. This dissemination has occurred using several mechanisms including in-person presentations, webinars, and interviews by industry press professionals. Tonsor (Project Director) has made over 30 in-person presentations to beef producers in Kansas, Missouri, Alabama, and in Canada during the reporting period where implications of this project's findings have been incorporated. Moreover, during the inaugural Beef-Cattle Economics webinar session held on February 7, 2012 the main implications of the projects findings were presented by the Project Director to an audience of 185 attendees from 5 different countries (166-U.S., 12-Canada, 1-Netherlands, 2-Brazil). Similarly, several industry magazine authors have picked up this material and further disseminated to even broader audiences by releasing their own articles on the subject.

Examples of media attention to this work include: AMI

<http://www.meatami.com/ht/display/ArticleDetails/i/83390> Meatingplace:

<http://www.meatingplace.com/Industry/News/Details/38166> Drovers Cattle Network:

<http://www.cattlenetwork.com/cattle-news/latest/Demand-for-meat-products-covered-by-the-mandatory-182259671.html> <http://www.cattlenetwork.com/e-newsletters/drovers-daily/COOL-confusion-182599201.html>view=all Progressive Cattlemen,

[http://www.progressivecattle.com/index.php?option=com\\_content&view=article&id=5173:demand-impacts-of-mcool-and-industry-implications&catid=107:market-reports&Itemid=169](http://www.progressivecattle.com/index.php?option=com_content&view=article&id=5173:demand-impacts-of-mcool-and-industry-implications&catid=107:market-reports&Itemid=169) R-CALF, [http://www.r-califusa.com/news\\_releases/2012/121206COOL.htm](http://www.r-califusa.com/news_releases/2012/121206COOL.htm) National Hog Farmer,

<http://nationalhogfarmer.com/marketing/meat-demand-not-impacted-labeling-law><http://nationalhogfarmer.com/business/mandatory-country-origin-labeling-value-negligible-best>

Swineweb.com, <http://swineweb.com/country-of-origin-labels-show-no-economic-benefit-for-meat-ksu-study/> FarmProgress, <http://farmprogress.com/story-study-origin-labeling-maybe-important-after-0-65556>,

Oklahoma Farm Report, [http://www.oklahomafarmreport.com/wire/news/2012/12/00075\\_MCOOLStudy1](http://www.oklahomafarmreport.com/wire/news/2012/12/00075_MCOOLStudy1)

2032012\_141327.php, Radio 570 WNAX, U.S. Cattlemen Association's Jess Peterson <http://wnax.com/Cattle-Official-Says-KSU-COOL-Study-Not-Realistic/14994907>, Food Engineering Magazine

<http://www.foodengineeringmag.com/articles/89942-report-mandatory-country-of-origin-labeling-has-not-increased-demand-for-us-meat>. To further distribute findings, a YouTube video summary of the project was generated: Impact of Mandatory Country of Origin Labeling (MCOOL) on Meat Demand. Video summary posted on November 14, 2012. (LINK) PARTICIPANTS: Drs. Glynn T. Tonsor (Kansas State University), Jayson L. Lusk (Oklahoma State University), Mykel Taylor (Kansas State University), and Ted C. Schroeder (Kansas State University) all actively participated in this project. One graduate student at Oklahoma State University actively worked on this project under the guidance of Dr. Lusk. TARGET AUDIENCES: There are no new comments to share regarding target audiences in this report period. Namely, the project's focus is mainly on economic impacts of direct interest to livestock producers and allied industry stakeholders. PROJECT MODIFICATIONS: Nothing significant to report during this reporting period.

PROJECT MODIFICATIONS: Nothing significant to report during this reporting period.

PROJECT MODIFICATIONS: Nothing significant to report during this reporting period.

PROJECT MODIFICATIONS: Nothing significant to report during this reporting period.

PROJECT MODIFICATIONS: Nothing significant to report during this reporting period.

PROJECT MODIFICATIONS: Nothing significant to report during this reporting period.

### Impacts

The outputs noted above have involved notable dissemination of findings to industry stakeholders. The outcome/impact of this dissemination is pending. Narrowly, there currently is an open comment period in response to Federal Register announcement of proposed rule changes on the policy of focus in this work. While challenging to document without disclosing individual specific information, the outcome and impact of our work will likely be notable given its use in this proposed rule discussion.

### Publications

- Tonsor, G.T., J.L. Lusk, T.C. Schroeder, and M.R. Taylor. 2012. Mandatory Country of Origin Labeling: Consumer Demand Impact. Kansas State University, AM-GTT-2012.6. November. (LINK)

**Progress** 06/15/11 to 06/14/12

### Outputs

OUTPUTS: Outputs of this project continue to mount as the project nears completion. Project findings have been widely disseminated to livestock industry stakeholders. This dissemination has occurred using several mechanisms including in-person presentations, webinars, and interviews by industry press professionals. Tonsor (Project Director) has made over 30 in-person presentations to beef producers in Kansas, Missouri, Alabama, and in Canada during the reporting period where implications of this project's findings have been incorporated. Moreover, during the inaugural Beef-Cattle Economics webinar session held on February 7, 2012 the main implications of the project's findings were presented by the Project Director to an audience of 185 attendees from 5 different countries (166-U.S., 12-Canada, 1-Netherlands, 2-Brazil). Similarly, several industry magazine authors have picked up this material and further disseminated to even broader audiences by releasing their own articles on the subject. PARTICIPANTS: Drs. Glynn T. Tonsor (Kansas State University), Jayson L. Lusk (Oklahoma State University), Mykel Taylor (Kansas State University), and Ted C. Schroeder (Kansas State University) all actively participated in this project. One graduate student at Oklahoma State University actively worked on this project under the guidance of Dr. Lusk. TARGET AUDIENCES: There are no new comments to share regarding target audiences in this report period. Namely, the project's focus is mainly on economic impacts of direct interest to livestock producers and allied industry stakeholders. PROJECT MODIFICATIONS: Nothing significant to report during this reporting period.

### Impacts

There are no specific outcomes or impacts to share in this report period. Namely, the outputs noted above have involved notable dissemination of findings to industry stakeholders. That said, the project director does not have a specific outcome or impact to share at this time. During the reporting period two articles were composed and submitted for publication consideration by internationally recognized agricultural economics journals. At the time of this report, both articles are still in the peer-review process. Moreover, a developing working paper is partially composed based upon results from meeting the third and final objective of this

project. This paper is also expected to be submitted for peer-review publication consideration in the next couple of months.

**Publications**

- No publications reported this period

**Progress** 06/15/10 to 06/14/11**Outputs**

OUTPUTS: There are no outputs to report for this report period. More narrowly, the period covered is the first of a two year project characterized mainly by data gathering and initiation of data analysis. Accordingly there are no outputs to report for this first year's period. Moreover, even preliminary findings are not being further disseminated until they are cross-checked with remaining ongoing work due primarily to the proposed timeline which reflects the politically sensitive nature of this project. PARTICIPANTS: Drs. Glynn T. Tonsor (Kansas State University), Jayson L. Lusk (Oklahoma State University), Mykel Taylor (Washington State University), and Ted C. Schroeder (Kansas State University) all actively participated in this project. One graduate student at Oklahoma State University actively worked on this project under the guidance of Dr. Lusk. TARGET AUDIENCES: Consistent with the above comments, there are no comments to share regarding target audiences to share in this report period. Namely, the project's timeline has result conclusions being written up and disseminated in the second year of this two year project. As this dissemination occurs in year two the specific target audiences involved will be noted and discussed in next year's final project report. PROJECT MODIFICATIONS: Nothing significant to report during this reporting period.

**Impacts**

Consistent with the above comments, there are no outcomes or specific impacts to share in this report period. Namely, the project's timeline has result conclusions being written up and disseminated (triggering associated outcomes and impacts) in the second year of this two year project. Consistent with the above comments, the publications to list are limited for this report period. Namely, the project's timeline has result conclusions being written up and disseminated largely in the second year of this two year project. The one publication released in the report period is a Oklahoma State University Master's thesis titled "Value of Country of Origin Labeling Information for Beef and Pork in the United States." This is the first of several expected publications.

**Publications**

- No publications reported this period