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A farmer perspective on the Canadian and Irish beef



Key external stakeholders:

Beef industry, beef farmers

Practical implications for stakeholders:

The outcome is an increased understanding of beef farmer decision-making processes in Western Canada and Ireland, particularly in relation to the use of market intelligence, and how these processes affect strategic decision-making and the direction of the industry.

Main results:

Beef farmers' perceptions of several internal and external market factors and their effects on the beef industry were assessed. In general, beef farmers are of the opinion that external market factors like consumer demand for specific attributes as well as trade agreements and regulations from the EU affect the competitive position of the Irish beef industry. They see market orientation, which is a function of intelligence generation, dissemination and responsiveness, as important to the industries' future viability. While market intelligence is used within both industries, the extent to which it is used could be improved. For Canada, the results of a survey of farmers identified a need for greater dissemination efforts while in Ireland improvements in intelligence generation are required. Following these observations, it is recommended for both the Canadian and Irish beef industries to increase alignment between production and processing sectors..

Opportunity / Benefit:

Knowing the factors that are perceived to influence the competitive position of the industry provides a strategic tool to establish a profitable industry for the future.

Collaborating Institutions:

University of Alberta, Department of Resource Economics & Environmental Sociology (REES)

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1. Project background:

The Canadian and Irish beef industries are facing numerous challenges ranging from changing consumer preferences, margin pressures, uncertainties around new trade agreements and developments in key export markets. These issues present competitive threats but also offer potential new opportunities to the industries overall and to individual beef farmers.

The specific focus of this project was on the use of market intelligence, i.e. the knowledge of external market factors that can affect current and future consumer demands and preferences, and how it plays a role in enabling both the overall industries and individual farmers to respond to external market factors, thereby turning challenges into competitive advantages.

2. Questions addressed by the project:

- How are the beef industries in Canada and Ireland organized and what is currently done to increase the level of market orientation?
- How can the concept of market orientation in an agricultural setting at industry level be modeled and quantified?
- What are determinants of market orientation and farmer decision-making processes in the Canadian and Irish beef industries?
- What are similarities and differences between the Canadian and Irish beef industries when making use of market intelligence?
- Which improvements can be made in the Canadian and Irish beef industries to increase the level of market orientation?

3. The experimental studies:

A conceptual model was designed based on the market orientation literature. This was used as the basis for designing a measurement tool to assess the industry's competitiveness which was incorporated into a questionnaire. Using the questionnaire farmers were surveyed about their views on the following topics:

- The extent to which certain topics are perceived as a threat or opportunity to the industry: e.g. consumer demand for animal welfare, export and trade agreements
- The extent to which some aspects of market orientation currently apply to the industry: e.g. information sharing by researchers with farmers regarding new production technologies, balance between supply vs market demand as a driver of sales, and the importance of using market intelligence in the future to deal with market challenges
- The nature and frequency of information sources used by farmers for different business decisions e.g. buying decisions, long-term or strategic decisions
- Farmers' views on what constitutes good business decision-making.

The questionnaire was distributed online, and promoted by online and person-to-person channels in Ireland and Western Canada. The final sample sizes were 39 for Western Canada and 30 for Ireland. Due to these limited sample sizes, an exploratory analysis was performed. The reader is thus cautioned about drawing statistical inferences to the wider farming population based on the findings.

4. Main results:

The results with respect to the first research question indicate that the Canadian and Irish beef industries are different in terms of production methods and scale, as well as reliance on direct payments and availability of extension services. However, the two countries are net exporters of both processed beef products and live animals, and therefore rely heavily on their trading partners to ensure a profitable beef industry. In fact, both Canada and Ireland are facing trading challenges with their biggest customer of beef products. In addition, both beef industries are founded on older operators in key production sectors, and both are facing challenges with respect to the viability of beef operations. As such, the beef industries in both Canada and Ireland have a need to be (more) market-oriented, and respond to their respective challenges and opportunities in terms of competitiveness and productivity. Initiatives and strategies have been put in place to improve each country's competitiveness. These strategies consider the industry's strengths and weaknesses and the factors that could influence consumer demand now and in the future (e.g. Food Wise 2025 in the case of Ireland).

According to the academic literature, market orientation is a business approach that focuses on getting a superior understanding of preferences of both existing and potential consumers. To get this expert understanding, knowledge and information about consumers and the broader market environment is used (this is referred to as market intelligence). With respect to agriculture, understanding consumers, market

uncertainty, the degree of connectedness within a supply chain, the perceptions of key decision-makers within an industry as well as a farmer's competencies, skills and resources to create superior customer value have been found to be important aspects of market orientation. As such, market orientation in an agricultural setting at industry level can be modeled as a function of intelligence generation, dissemination and responsiveness. A conceptual model of these factors was designed and turned into a measurement tool by formulating survey questions for each factor that generated quantifiable results (i.e. farmers could indicate their answer to pre-defined statements on a 7-point Likert scale).

For the Canadian and Irish beef industries, important aspects of intelligence generation relate to external market factors such as consumer demand for a range of quality or sensory attributes in beef products (e.g. organic, animal welfare friendly, grass-fed, tenderness), macroeconomic factors, competitors (e.g. producers of pork or poultry), regulations and trade agreements (e.g. renegotiations following Brexit in the case of Ireland). Intelligence dissemination or information dispersion is related to the social and professional relations of farmers, the information sources they use (and their frequency), the decision-making unit on the farm and the perceptions of key decision-makers within the industry. Similar factors influence intelligence responsiveness as it too depends on the social and professional relationships present within the industry and the perceptions of key decision-makers. Intelligence responsiveness is also linked to structural characteristics such as age, location and financial resources.

According to the survey results, beef farmers in Western Canada and Ireland believe that external market factors like consumer demand for specific attributes and production systems (e.g. grass-fed) strongly influence the industries' competitive position. Other important external market factors that play an important role are trade agreements and regulations. Beef farmers are of the opinion that both industries can be characterized as supply-driven, while the Canadian beef industry has more of a commodity nature and the Irish beef industry is more affected by policy forces. Likewise, according to the beef farmers, both beef industries could more actively respond to ongoing market developments even though they use market intelligence to a certain extent and have strategies in place to deal with challenges. In Canada, greater efforts at intelligence dissemination seem to be required as producers could not agree unanimously whether market intelligence regarding future consumer demands and new production technologies is disseminated within the industry. In Ireland, the survey results indicate that improvements in intelligence generation may be required; farmers do not seem to be clear on what range of factors are considered when collecting market intelligence as different organizations are involved in generating market intelligence. The beef industries in both countries are characterised by a relatively high average age of beef farmers. Adoption of new production practices and technologies may be limited by this.

Due to geographic dispersion and the scale of production in Canada, one recommendation for the Canadian beef industry is to increase the degree of connectedness among its production segments. This will also facilitate a higher adoption rate and smoother implementation process of new production practices and technologies. In addition, it is recommended that the Canadian beef industry improve programs to enable young beef farmers to enter the industry to reduce the transition effects in the foreseeable future.

Irish beef farmers depend on price and carcass information they receive from processors to get market information. However, this information is a function of carcass quality, which is difficult to define in today's marketplace and may not relate to quality attributes that are of value all along the chain. In addition, many beef farmers do not seem aware of developments within other parts of the value chain or do not remain involved in the beef chain as a result of EU subsidies. One recommendation for the Irish beef industry therefore is to improve information exchange between the production segments on the one hand and the processors on the other hand to solve an existing disconnect within the beef value chain.

In a time where the European Union is moving towards less trade- and price-distorting agricultural income support systems, it is important for the Irish beef industry to capture reasonable profits from market influences rather than policy forces. In other words, a higher level of market orientation is likely to be required in the future. Declining real incomes, a high proportion of part-time beef farmers and other structural issues may present challenges in relation to intelligence responsiveness in particular.

5. Opportunity/Benefit:

Our research focus on the role market intelligence – knowledge of external market factors that can affect current and future consumer demands and preferences – provides a strategic tool that enables both the beef industry and individual beef producers to respond to the external market environment, thereby turning

challenges into competitive advantages. In this context, we argue that a deeper understanding of how market intelligence influences producer and industry's collective decision-making is valuable, as both are critical to strengthening the overall industry's competitive position.

6. Dissemination:

7. Compiled by: Jolien Witte
