

# For the Record

Straight talk about antibiotic use in food animal production presented by ALPHARMA Inc., Animal Health

## 'ANTIBIOTIC-FREE' MAY SEEM AN EASY SELL, BUT BEWARE THE RAMIFICATIONS

Be careful what you wish for; you may get it. Retailers and other food suppliers rushing to jump in on today's "antibiotic-free" food fad could be taking on long-term risk in exchange for possible short-term gain at the cash register. Consider some of the economic implications to a system-wide adoption of such marketing:

### A MARKET WITH LONG-TERM LEGS?

Absent reliable long-term time/series price data for the fledgling antibiotic-free and even the more mature organic markets, retailers are only gambling that consumers will follow through on the willingness-to-pay



surveys upon which they now rely. **One 2005 study**, for instance, shows that despite wide publicity, the market share for milk produced without using rbST may actually already be in decline.

### THE RISK TO CREDIBILITY

Even as a May 2007 **Food Marketing Institute** survey shows only 66 percent of food consumers still trust their grocer not to poison them—and only 43 percent, their chef—the potentially most damaging aspect of marketing the dubious health claims of antibiotic- and hormone-free meat may be the one hardest to measure: your reputation.

Research has yet to demonstrate any **food safety advantage** in removing antibiotics from animal production—the very reason USDA forbids any food safety claims in packaging. At the same time, surveys reveal consumers over-spend for them predominantly under that very illusion.

If—when—consumers come to their senses and see through the **health and wellness fraud** of organic, all-natural and antibiotic-free marketing (a point which Alex Avery, author of *The Truth About Organic Foods*, believes consumers are now approaching, based on a growing number of skeptical news reports) it's possible they're going to grow skeptical of retailers who they believe pulled a fast one on them. What seems like an easy sell today may prove a costly choice tomorrow.

### Willingness to pay: Will consumers follow through?

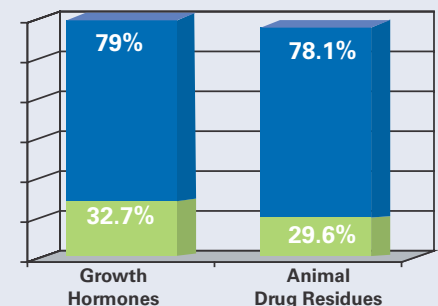
Several studies conducted by organic food associations, universities and corporate marketing departments have found consumers often say they're **willing to pay more** for food raised without antibiotics or added hormones.

But it's important to recognize there's a traditional problem with that type of analysis, according to work done by Cal State economist Craig Gallett: People given such hypothetical choices tend to overstate their willingness to pay by about three times, on average.

Such work is vulnerable to numerous confounding experimental factors, warned a team of **Oklahoma State researchers** who used a creative series of in-store coupon offers to gauge willingness to pay for pork chops raised with fewer antibiotics. Consumers may hesitate to really pay the premium once their real-world market choices are limited. Consumers also tend to take back their initial willingness to pay as their information gets better.

### Consumers' words vs. action

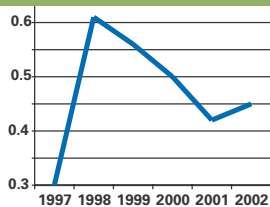
■ Cited it as a serious or moderate problem  
■ Made a resulting food buying change



**Not *that* worried.** Researchers who surveyed 236 households about common food safety concerns found a pattern that's commonly repeated: A high number expressed concern about issues like growth hormones and animal drugs, but a relatively low fraction actually went to the trouble of changing their food-buying habits as a result.

Source: *Intern'l Journal of Consumer Studies*, March 2001.

### RBST-FREE MILK MARKET SHARE



Based on 12-city retail scanner data.  
Source: *American Journal of Agricultural Economics*, February 2005.

### RISK CANNIBALIZING YOUR STAPLES?

Again, it's hard to guess without good long-term scan data, but some evidence is emerging that "organic lite" items—though offering a higher individual margin—risk hurting demand for your high-volume staples. The 2005 milk-labeling study suggests introducing organic or "non-rbST" milk into the case will lower the price of the unlabeled milk next to it by six or seven times more than

### The Are You Kidding? Factor.

Studies show shoppers tire of paying a premium for claims as they learn more about their truthfulness and relevance. For instance, retailers selling "hormone-free" chicken face risk the novelty will wear off once consumers hear that no U.S. chicken or pork is raised using hormones to promote growth.



## customer FAQs about the use of antibiotics in food production

**Q** Shouldn't all food be raised without using antibiotics?

**A** On the contrary. Medications are necessary and important tools by which today's farmers preserve the well-being of animals and birds, as well as help relieve the suffering of those that may get ill. They also form a valuable frontline protection against illness that could be transmitted to people through food. Marketing or legislative decisions that would force farmers to abandon the necessary and appropriate use of antibiotics could jeopardize the safety, availability and affordability of your food supply.

**Q** Still, I like the thought that my food is being raised naturally, without pesticide, hormone and antibiotic residues. What's wrong with that?

**A** Not a thing. Consumers should have the right to choose products based on whatever combination of traits they think are important. But we believe people make their best choices with an abundance of facts. No animal medications may be legally used in this country, for example, until the U.S. Food and Drug Administration is fully satisfied that they pose no reasonable risk

to the people who consume the products from animals on which those medications are used.

In addition, despite years of research, no scientific studies have found any additional health benefit from eating organic or similarly produced meat, milk or eggs. Consumers who want to purchase those products should not be prevented from doing so, but they should be fully informed of what they're buying—and more importantly, what they're not buying—so they can really understand why they're choosing to pay a higher cost.

## INSIDE THIS ISSUE

Today, your consumers want to know...

- Is "antibiotic-free" meat really worth the high cost? Does it help protect the health of my children any better than the rest of the meat in your case?
- If no growth hormones are allowed to be given to any U.S. pigs or chickens, then why would I pay a higher cost for products labeled "raised without hormones?"
- Who is telling the whole truth about the wholesomeness of my food?

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*For the Record* is a regular publication designed to present facts to balance today's debate over the use of safe, effective, economical methods farmers use to produce your milk, meat and eggs.

Read past issues or link to more information on this issue at [www.AntibioticTruths.com](http://www.AntibioticTruths.com)

## For the Record

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Dear Food Chain Partner:

[Alpharma Inc., Animal Health](#) is a valued partner with your suppliers of meat, milk and eggs in safeguarding the safety and wholesomeness of that food. Working together, animal producers have made great strides in guaranteeing you the most reliable food supply in the world, including:

- Continuing to drive down average U.S. illness rates caused by food.
- Fostering industry-wide and cross-species voluntary efforts to adopt—by and for producers—guidelines to ensure antibiotics are used prudently and wisely in food production.
- Seeking out and applying continual technological innovation to make and keep food available and economical, both here and internationally.

Yet again and again, we see those with ulterior motives attempt to drive a wedge between you and your suppliers by scaring consumers with groundless, unscientific misinformation. And we believe everybody in the chain loses when food marketers accept a quick public relations payoff by caving in to the voices of unreason. We are all aligned toward the same goal: Providing a growing base of consumers with the safest, most affordable, healthiest food their labors have earned them the right to enjoy. Look inside this issue of *For the Record* for more details, and please let us know how we can assist your efforts.