

# Costs, considerations of switching to natural or organic methods

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When Kansas State University graduate student Ben Wileman was a practicing veterinarian in Belle Fourche, S.D., natural and organic labels were a big focus for the beef producers he saw.

"They tended to be terms that were thrown around a lot, but few people really seemed to know what they truly meant," Wileman said.

The definition of "organic" is defined by U.S. Department of Agriculture; "natural," however, can be defined differently depending on who's doing the labeling. But both terms mean one thing: higher costs for producers. That's why Wileman hopes that his research will be another tool to help those in the beef industry pondering whether to abandon conventional methods and go natural or organic.

Wileman, a doctoral student in diagnostic medicine and pathobiology at K-State, is examining the economics and logistics of conventionally raised beef versus organic and naturally raised beef. He is working with Dan Thomson, associate professor of clinical sciences at K-State. The research was presented in February at the Western Veterinary Conference in Las Vegas and will be presented again in July at the American Veterinary Medicine Association conference in New Orleans.

"The reason we're looking at this is because before anyone decides to go all-natural or all-organic, they need to be aware of what it's going to cost them and cost consumers," Wileman said. "We want producers to be knowledgeable about what to expect in terms of performance and economics."

Although the scientific facets of organic foods have been probed, Wileman said that little research has been done on the economic impact. Using data from the U.S. Department of Agriculture, the K-State researchers considered feed costs and availability, the number of organic grain producers, the supply and demand for such grains going to

beef cattle, and the performance impacts. They found that a producer would have to make about \$120 more per head on naturally finished cattle to make the same profit as they would have on conventionally finished ones. For organically finished cattle, that increases to about \$400 more per head.

The greatest contributing factor to the cost of going natural or organic is feed prices, Wileman said. In areas where there are relatively few certified-organic grain producers, transporting and certifying grain adds a major expense.

What's more, Wileman said, is that research done at K-State shows that beef producers are competing for a mere 2 percent of a consumer's income. He said another thing to keep in mind is research showing that most growth in organic and natural food items has come from the same shoppers buying more products, not from an increase in the numbers of like-minded consumers.

With this in mind, Wileman said there are a few things that the beef industry should consider when contemplating going organic or natural. Producers need to consider that they won't be able to feed their cattle in the same way and may consider forming cooperatives to meet their needs. Likewise, feedlots must be mindful of feed handling to prevent mixing organic grains with conventionally grown grains. Finally, packagers and restaurants need to know that they will have to absorb the increased costs of going natural or organic -- or be prepared to pass those costs on to their consumers.

The K-State researchers don't want to dissuade producers and others in the beef industry from going natural or organic, but they do want to offer information that can help them make that decision.

"There's not a problem with going natural or organic, but there will be production and economic

issues that they will need to compensate for," Wileman said. "We want to be able to show what the implications of going organic or natural are before a producer or corporation makes that decision."

Because much of the scientific research on organic foods has centered on fruits and vegetables, Wileman said there is plenty of room to study the performance aspects of organic and natural beef production. For instance, he said that some research already has shown that natural diets can increase the prevalence of liver abscesses in cattle. Little is known about how these diets might affect other diseases like foot rot, he said.

"There are a lot more questions that need to be answered," he said.

Source: Kansas State University

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