

Theme Overview: Pink Slime, Marketing, Uncertainty, and Risk in the 24 Hour News Cycle

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Social media has revolutionized the way that individuals interact with each other and the way firms purchase products. Chiefly, it allows the rapid exchange of information that is not necessarily fact checked. While companies and industries benefit from the rapid exchange of information when it creates positive press, negative press highlighting nonfactual information can be disastrous. The agricultural sector is no exception; great difficulty exists in educating consumers, particularly as it relates to the agricultural supply chain. For example, nearly a year after the original story on lean finely textured beef (LFTB) or “pink slime” was broadcast on ABC News, the topic is still circulating on Twitter. Contributing to this phenomena are the combination of social media and lack of consumer understanding on scientific testing procedures for food and the underlying production process (International Food Information Council Foundation, 2009; Greene, 2012). The articles in this theme deal with the uncertainty and risk now faced by the agricultural community because of the prevalence of social media.

A lack of transparency at various levels of the agricultural supply chain contributed to the public backlash against the inclusion of LFTB in a variety of outlets from quick service restaurants to retail grocery stores to the national school lunch program. Renewed consumer interest in the food production practices in recent years is likely a factor in the negative public reaction to the original ABC news stories in March, 2012 even though the information had been publicly available since 2008 (Andrews, 2012).

Articles in this Theme:

Assessing the Impact of LFTB in the Beef Cattle Industry

Did the “Pink Slime” Controversy Influence Publicly Traded Agribusiness Companies

Pink Slime and the Legal History of Food Disparagement

This renewed interest is perhaps driven by the recent influx of documentaries surrounding the agricultural sector and widespread reporting of food borne illnesses. The growth in farmers’ markets, locavores, and interest in organic and naturally produced foods in recent years may have benefitted from the same factors. Although there is no clear evidence of nutritional benefit to organic and/or naturally produced foods relative to conventionally produced foods (Smith-Spangler et al., 2012), agriculture is fighting an uphill battle in consumer food education.

The debate on food production practices did not start with LFTB, nor will it end with it, but social media will certainly be a future battlefield where consumers’ food preferences and opinion on food and agricultural production practices will be shaped. Fewer U.S. citizens have basic knowledge of agricultural production practices, and often are more accepting of traditional and new media sources as their main source of information. Additionally, food and its level of safety is an emotional topic, and opinions and statements about it are often not science based.

In this series of articles, Pruitt and Anderson explore short and long-term adjustments to the U.S. cattle industry and determine that because of reduced demand for LFTB, more efficient use of existing beef supplies will be needed. Changes in relative prices could have dietary impacts highlighted in previous editions of *Choices*. Labeling of LFTB would have improved the information available to consumers, but context is still needed for consumers to fully understand labeling efforts.

Of importance to agribusiness companies is the effect such negative publicity can have on their financials. Detre and Gunderson examine how the “pink slime” issue has influenced short-term financial performance and stock value of publicly traded companies involved. Although BPI, Inc. is not a publicly traded company, several publicly traded companies including, but not limited to, Kroger’s (grocery store) and McDonald’s (restaurant), have said they will no longer use the LFTB product. Some companies such as Tyson (food manufacturer) and Wal-Mart have indicated they would offer consumers products with and without LFTB, and even more have remained silent about the issue. Approximately 70% of the ground beef supply contains LFTB. This article highlights the extent of the market’s reaction across the various sectors of the agricultural supply chain.

In mid-September, Beef Products, Inc. (BPI) filed a \$1.2 billion lawsuit against ABC News, former USDA employees interviewed by ABC News, and a former BPI executive in South Dakota, accusing the defendants of defamation and product disparagement as part of the LFTB case. This is not the first high profile case involving segments of the food industry. Eckley and McEowen provide a brief discussion of the previous media coverage of food production practices and resulting changes in the legal code resulting from efforts to protect

producers and processors. As the legal process is just beginning, the Meatingplace LFTB News Center (2012) may be viewed for the latest updates regarding court proceedings.

The use of the moniker “pink slime” is an example of how calling into question the safety and/or quality of a food product/production practice can do irreparable damage to the faith in the U.S. agricultural supply chain. As prices and markets continue to adjust due to the inability of ground beef suppliers to use LFTB, consumers are paying more per pound for ground beef. The LFTB case has impacts beyond the market price of ground beef, especially for the employees of BPI who lost their jobs and the communities who benefitted from the presence of BPI. While it is not yet clear if longer-term adjustments to the beef cattle industry will be tied back to the media scare over LFTB, it is evident that educating consumers about food production is a challenge not to be ignored. These articles provide a starting point for understanding the need for transparency in the agricultural supply chain and especially for consumer education.

For More Information

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