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Consumers Not Willing to Pay Top-Dollar for Cage-Free Eggs, Slow Growth Chicken

The agriculture industry hears it all about “what consumers want” when it comes to the production of their poultry products. But are these calls for action genuine? New [research](#), funded in part by the Institute for Feed Education and Research, suggests the jury may still be out as consumers are undecided on the benefits of cage-free egg and slow-growth chicken production, or have little knowledge about them at all, and are unwilling to pay a hefty premium for them, in comparison to products with “organic” and “GMO-free” labels.

As part of the [Unified Voice Protocol](#), the Food Marketing Institute (FMI) recently launched a [pilot project](#) with its foundation, the Foundation for Food and Agriculture Research (FFAR) and the Animal Agriculture Alliance (AAA) to research consumers’ beliefs and knowledge on the two poultry production practices and gauge their willingness to pay more for these products at the grocery store. The research involved Purdue University’s [Jayson Lusk](#), Ph.D., surveying over 2,000 chicken and egg consumers, presenting them with a variety of information for and against the production techniques and then asking them to select between cartons of eggs or packages of chicken, with a variety of labels and price points, to determine the labels that most impacted their purchasing decisions and the amount of additional money they were willing to pay for them. Below is a summary of the [results](#), released last month.

Key Findings

At the start of the [survey](#), roughly half of the egg-buying consumers were willing to pay a little more (no more than \$0.30/dozen) for cage-free eggs and a small number of consumers were willing to pay a higher premium (some more than \$1) for the label. After being presented with information for and against cage-free egg production, respondents’ willingness to pay a little more for cage-free eggs increased, suggesting the market-share for these products has the potential to increase in the future, even at premiums as high as \$1/more per dozen.

The report also showed that consumers are more likely to look for other more important attributes to them besides cage-free eggs and conventional, like price and the presence or absence of “non-GMO” and “organic” labels, suggesting the

ability for cage-free eggs to capture a majority market share is unlikely. When conventional eggs were removed as an option altogether, some respondents opted not to buy eggs at all versus buying higher-priced eggs.

Relative Importance (or Marginal Effects) of Egg Attributes in Changing Market Shares

Change	Change in Market Share			
	Control No Info	CSES Video Info	CSES Graphic Info	HSUS Graphic Info
\$1.00 reduction in price	27.1%	28.4%	25.8%	27.1%
addition of non-GMO label	17.2%	13.4%	15.7%	14.2%
addition of organic label	15.2%	6.3%	8.5%	12.8%
addition of omega 3 label	14.0%	10.4%	8.5%	13.5%
addition of cage free label	13.7%	10.6%	14.5%	15.4%
addition of natural label	5.2%	3.7%	5.0%	11.6%
white instead of brown eggs	4.6%	2.8%	2.0%	5.6%
cardboard instead of styrofoam carton	1.2%	0.7%	0.7%	-5.1%

The table above shows the likelihood that consumers will purchase eggs with specific labels or attributes (noted in the rows) following being provided information from a variety of pro- and anti-cage-free egg sources (noted in the columns). Source: Lusk, Jason. "Consumer Beliefs, Knowledge, and Willingness-to-Pay for Sustainability-Related Poultry Production Practices Egg Survey Report." Jan. 1, 2018.

The [second survey](#) found consumers have limited knowledge of slow-growth chicken production and therefore do not hold entrenched opinions or associate it with improved animal welfare. For the purposes of the study, Lusk developed a slow-growth chicken label to test consumers' purchasing decisions and found that consumers were more likely to select a chicken product because of its brand (when a brand name was given) over other label claims. Following brand name, price and the presence or absence of "organic," "non-GMO" and "no-added hormone" labels were the most important attributes to chicken consumers, with slow-growth and "no antibiotics ever" labels coming in near the bottom. The "no antibiotics ever" label was the only other label that increased in importance with a brand name.

When no additional information was given, only 45 percent of consumers selected slow-growth chicken priced at \$0.50 more than unlabeled chicken breast. When consumers received pro-slow growth information, 54 percent of them opted to purchase the higher-priced chicken, versus when they received anti-slow growth information, only 41 percent opted to pay the higher premium. This finding suggests that consumers' views are easily shaped by new information and should marketers begin to discuss this production technique more, they could impact future sales.

Relative Importance (or Marginal Effects) of Chicken Attributes in Changing Market Shares

Change	Change in Market Share					
	Control		NPR & NYT		NCC	
	No Information		Pro Slow Growth		Anti Slow Growth	
	No Brands	Brands	No Brands	Brands	No Brands	Brands
\$1.00 reduction in price	26.4%	21.4%	20.6%	22.6%	23.4%	23.8%
addition of non-GMO label	17.9%	8.1%	11.0%	8.4%	15.3%	8.8%
addition of organic label	16.0%	8.3%	9.8%	8.7%	11.4%	7.8%
addition of no added hormone label	15.8%	8.1%	8.1%	5.4%	6.2%	7.9%
addition of slow growth label	11.9%	11.9%	16.4%	17.8%	5.8%	6.7%
addition of no antibiotics-ever label	7.9%	9.6%	9.8%	7.3%	11.1%	8.7%
brand A instead of brand B	---	8.5%	---	7.7%	---	6.1%

The table above shows the likelihood that consumers will purchase chicken with specific labels or attributes (noted in the rows) following being provided information from a variety of pro- and anti-slow-growth chicken information (noted in the columns). Lusk, Jason. "Consumer Beliefs, Knowledge, and Willingness-to-Pay for Sustainability-Related Poultry Production Practices Broiler Survey Report." Jan. 2, 2018.

What's Next?

In the coming months, IFEEDER will be working with FMI, FFAR and AAA, as well as the other project sponsors - Smithfield, the U.S. Poultry & Egg Association, the Indiana Soybean Alliance and the Iowa Egg Council - to discuss the results with food retailers so the agriculture industry can start to hold more meaningful conversations about animal welfare and sustainability with customers.

For more information, including an interactive calculator that allows you to select for certain egg or chicken attributes to see what respondents in the study would have selected, is available on [FFAR's website](#).

AFIA Board Elects IFEEDER Trustees

On May 16, the American Feed Industry Association Board of Directors voted to elect a new IFEEDER chair and re-elect several Board members to serve on the IFEEDER Board of Trustees until April 30, 2021:

- **Lee Hall** of Hallway Feeds will serve as IFEEDER's new board chair for the 2018-19 fiscal year, with his official Board term expiring April 2021.
- **Chad Risley** of Berg + Schmidt, America, LLC will continue to serve on the Board and as IFEEDER's Research Committee chair.
- **Ed Galo** of Novus International will continue to serve on the Board.
- **Jeff Cannon** of Diamond V will continue to serve on the Board.
- **Marc DeBeer** of Elanco Animal Health will continue to serve on the Board and on IFEEDER's Marketing and Education Committee.

IFEEDER thanks **Paul Phillips** for his past year of service as board chair!

IFEEDER Welcomes Bridget Rinker

On April 30, Bridget Rinker joined AFIA as the new development assistant. In this role, she will be supporting AFIA President and CEO Joel G. Newman with managing programs and communications as well as the AFIA Board of Directors and Executive Committee. She will also assist IFEEDER's executive director in the implementation of the overall strategic direction for the public charity, including managing the entire donor program from overseeing donor gift processing to donor stewardship. Rinker will serve as IFEEDER's new point of contact for any questions on the website or donor contributions. She can be reached at brinker@afia.org or (703) 558-3577.



IFEEDER Now Accepts Credit Card Donations

You can now donate to IFEEDER via credit card. Simply select "[Donate](#)" at the top of ifeeder.org and donate via check, pledge or credit card. For questions, contact [Bridget Rinker](#) at (703) 558-3577.

As a reminder, for every \$1 IFEEDER invests in research and education projects, \$5 is leveraged from other sources. All donations go directly to projects, as IFEEDER's administrative costs are borne by AFIA, so your donations go even further. Help us maximize our reach by donating today!