

Cage-free eggs, slow-growth broilers: Will consumers pay?

A recent consumer survey provides insight into how much more US consumers say they are willing to pay for cage-free eggs and slow-growth broilers.

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The traditional consumer equation for food consisted of three factors: How much does it cost? Is it convenient? How does it taste? However, the consumer's thought process has gotten far more complex. Now, consumers want to know things like: Was the animal treated humanely? Is the product GMO free? Is it safe in the long term? Is it ethically sourced?

"We've known for years that the consumers were thinking about these things; we just didn't know what the tipping point was," said David Fikes, vice president, communications and consumer/community affairs for Food Marketing Institute (FMI) at the 2018 Egg Industry Center Issues Forum. "Four years ago, we discovered that 51 percent of consumers had at least one of these other value drivers in their food equation," he explained.

With those questions and values comes a change in consumer trends. Now consumers are shopping at five to seven food retail venues. One-fourth of shoppers are single. More males are shopping than ever before, with two-thirds of shoppers belonging to some sort of

share-shopping arrangement. More people shop on a meal-to-meal basis.

Values influence economics as well. Consumers are not only looking for the cheapest, but also the least expensive that aligns with their beliefs. For retailers, this presents potential problems.



6 ways egg producers can win consumer's trust: www.WATTAgNet.com/articles/29608

The average supermarket carries 38,000 items, each possessing a potential public relations nightmare, Fikes said. These include consumer questions related to their values of how the food was produced, how far it has traveled, the ingredients it contains and other ethics-based questions.

"Retailers want to give you choices," Fikes said. However, retailers feel pressure because they want to provide a product to the consumers at a price they are willing to pay while still being able to capture a premium.



Pilot project of unified voice protocol

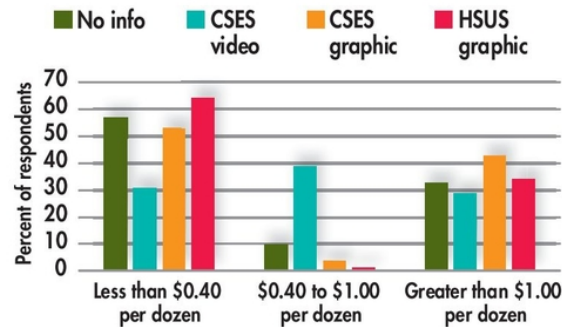
As a result of those pressures, FMI created the unified voice protocol to discuss their position of these values for strength in numbers and a more unified voice. This protocol includes issue identification and prioritization, establishing issue coalitions/project collaborators, data analysis and research, and outreach and education.

FMI chose to look at cage-free eggs and slow-growing chickens as the pilot projects to its unified voice protocol. The objective was to determine consumers' knowledge about cage-free eggs and slow-growth broilers, beliefs about the adoption of cage-free eggs and slow-growth broilers on animal welfare, retail prices, producer profits, environmental impacts and the trade-offs among these issues. They also wanted to find the consumers' willingness to pay for cage-free and slow-growth attributes relative to alternative options.

Cage-free eggs study

In March 2018, U.S. cage-free eggs were about 20

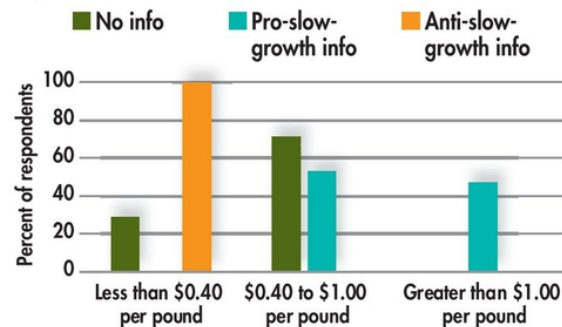
How willingness to pay a premium for cage-free eggs is changed by information provided



Source: Consumer Beliefs, Knowledge, and Willingness-to-Pay for Sustainability-Related Poultry Production Practices Broiler Survey Report

Viewing the HSUS graphic actually increased the percentage of consumers who were only willing to pay less than \$0.40 more per dozen for cage-free eggs.

How willingness to pay for slow-growth chicken meat is impacted by information provided



Source: Consumer Beliefs, Knowledge, and Willingness-to-Pay for Sustainability-Related Poultry Production Practices Broiler Survey Report

Viewing the NCC graphic, which shows the increased environmental impact of slow-growing broilers, resulted in no consumers expressing willingness to spend more than \$0.40 per pound for breast meat from slow-growth birds.

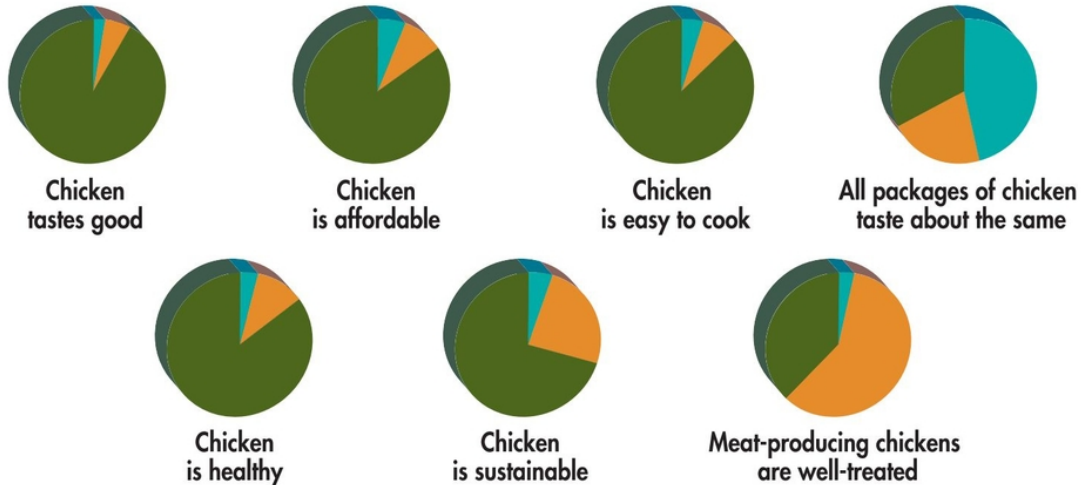
cents an egg, or \$2.40 a dozen, compared with conventional eggs that were about 12 cents each, or \$1.44 a dozen. These numbers are important when analyzing the findings of the study.

The method was an online survey of more than

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US consumers' general beliefs about chicken

■ % strongly or somewhat disagree ■ % neither agree nor disagree ■ % strongly or somewhat agree



Source: Consumer Beliefs, Knowledge, and Willingness-to-Pay for Sustainability-Related Poultry Production Practices Broiler Survey Report

Over one-quarter of consumers surveyed strongly or somewhat disagreed with the statement that meat-producing chickens are well-treated.

2,000 U.S. egg consumers. Individuals surveyed were asked questions related to egg consumption, general beliefs, egg choice and beliefs about egg labels. The control group wasn't given added information about the egg industry, while the other groups were given information from the Coalition for a Sustainable Egg Supply (CSES) and the Humane Society of the United States (HSUS).

"We gave them 12 different scenarios where we gave them option A with no label for 99 cents a dozen, or option B that was organic, cage free, omega-3 enriched, all natural, GMO free for \$4.49," Fikes said. Then individuals were surveyed on their beliefs based off a five-point scale regarding food safety, animal welfare, health and wellness and quality. The results of the general consumption survey were that eggs taste good, are easy to cook and are thought to be healthy.

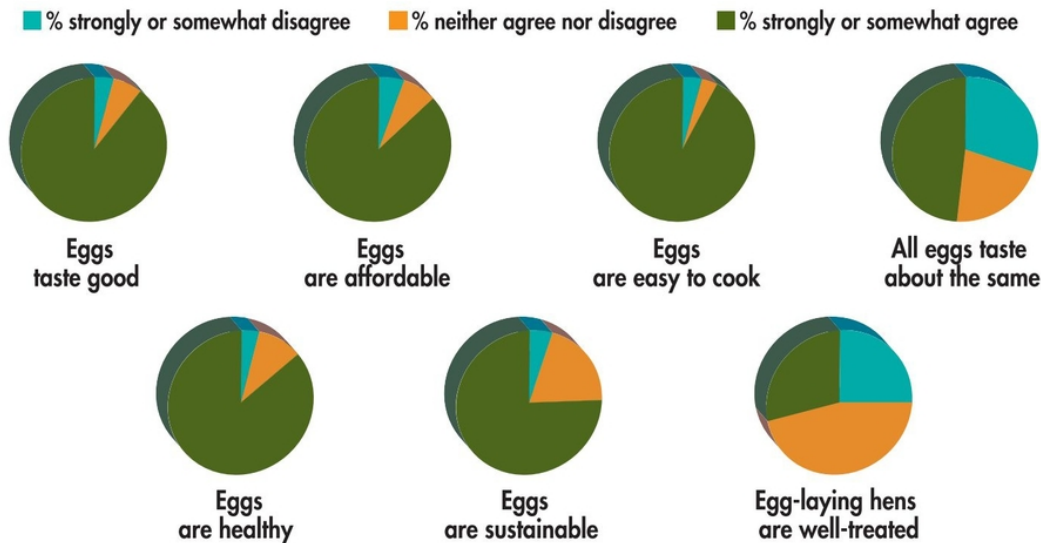
"Only 38 percent of people agreed that laying hens are well-treated," he said. This is where some of that pressure on retailers comes from in terms of animal welfare values, Fikes added.

Most people say they buy eggs at least once a week, if not numerous times a week. Most people surveyed said they buy a dozen each time. The individuals were asked, "Over the past five years, has your consumption of eggs increased or decreased?" More than half, 53 percent, said they stayed the same. Only 5.7 percent said they have decreased in the number of eggs they were buying. GMO free was No. 1 when individuals were given the choice test. Organic and omega-3 enhanced also ranked high. Cage free comes in about fourth or fifth in the level of importance.

When looking at cage-free price breaks, just shy of 30 percent of the respondents said that the price break was up to 20 cents. "Some outliers said that they would pay greater

AS PRICE RISES, WILLINGNESS to spend money goes down.

US consumers' general beliefs about eggs



Source: Consumer Beliefs, Knowledge, and Willingness-to-Pay for Sustainability-Related Poultry Production Practices Broiler Survey Report

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than \$3 for cage free,” Fikes said. Organic ranked anywhere from an extra 20 cents to \$2. When asked about a change in market share, a \$1 reduction in price was favorable rather than any of the added labels. An added non-GMO label was the second highest in rankings. Cage-free labeling was fifth in importance compared with other labels in the market.

When conventional and cage-free eggs are in the same price range, about 60 percent said they would buy specialized products. But as price rises, willingness to spend money goes down, Fikes explained.

“When you take away choices, the option for consumers to not buy eggs goes up,” he said. When consumers were only given two choices, conventional eggs or cage free, about 4 percent said they wouldn’t buy eggs. However, when only cage-free eggs were available, 17 percent said they wouldn’t purchase eggs.

In the control group’s questions about beliefs, the survey found there is a consumer perception that cage free is better in terms of animal welfare. Organic scored higher in cost, healthiness and safety than any other egg type. The HSUS graphic had the most impact on the surveyed audience.

Broiler chicken study

The survey method used was similar to the one used with the egg study — an online survey of more than 2,000 U.S. chicken meat consumers. Individuals surveyed were asked qualifying questions related to chicken consumption and general beliefs. Like the egg study, there was a control group; the other groups were given either pro-slow-growth articles from NPR or the New York Times, or an anti-slow-growth infographic from the National Chicken Council (NCC). The broiler study also looked at the effect of brands on consumer decisions.

Consumers were given two options of breast meat with various label claims and were asked to choose their preference. The consensus was that chicken tastes good, is affordable and is easy to cook while still being healthy. Individuals were asked if over the past five years their chicken consumption has increased or decreased. Forty-eight-and-a-half percent said their consumption has stayed the same, while 47.4 percent said it has increased due to more chicken options and 4.1 percent said it decreased due to other protein-rich food options.

The study results show that almost 28 percent of sur-

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vey respondents from the control group were unwilling to pay any premium for slow growth. While others said they would pay more, the amount varied; however, none were willing to pay more than a dollar, Fikes explained. For those that received anti-slow-growth information in the broiler test, almost 100 percent of the people surveyed said they would pay no more than 40 cents per pound more for slow growth. Forty-five percent of people given pro-slow-growth information said they would pay more than a dollar more a pound.

“The public is ignorant in terms of broiler production,” Fikes said. Fewer than 3 percent of the public correctly answered the question: What percent of meat-producing chickens in the U.S. are cage free? About 12 percent correctly answered the question about the number of birds fed growth hormones.

“What this shows is there is wide-open space for those in the broiler industry to do some educating,” he added.

Summary of the study

Price is a significant driver for most consumers. There is room for the cage-free egg market to grow, but it may never reach majority market share. The willingness to pay for slow-growth chicken is highly dependent on the information provided to consumers, suggesting that consumers do not have much knowledge or strong opinions for slow growth. The study also

shows that chicken with slow-growth labels could garner a large market share even at \$0.50 to \$1.00 per-pound price premiums. Much of this is ex-

plained not by strong preferences for slow growth chicken, but rather by a large segment of consumers who are insensitive to chicken prices. ■