Demand for Animal Welfare and Ethical Attributes in Meat:
What do consumers really value?

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Demand for Animal Welfare & Ethical Attributes in Meat: What do consumers really value?

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Background

- Increasing demand for information
  - Production and process attributes (Credence attributes)
  - Ethically sourced food (organic, free range, certified humane, grass-fed, environmental impact)
- Changing meat consumption
  - Declined 3% from 2009-2014 (Euromonitor Intl.)
  - Average Australian consumed 92.5kg meat in 2015
  - ~ 10% of Australians were vegetarian or vegan in 2013 (Roy Morgan 2014)
  - 15% increase in # of vegetarian from 2012, on the back of a 20% increase in vegetarianism from 2009 to 2013 (Roy Morgan 2014)

Meat consumption in Australia (kilos, per capita, by type) 1962-2016
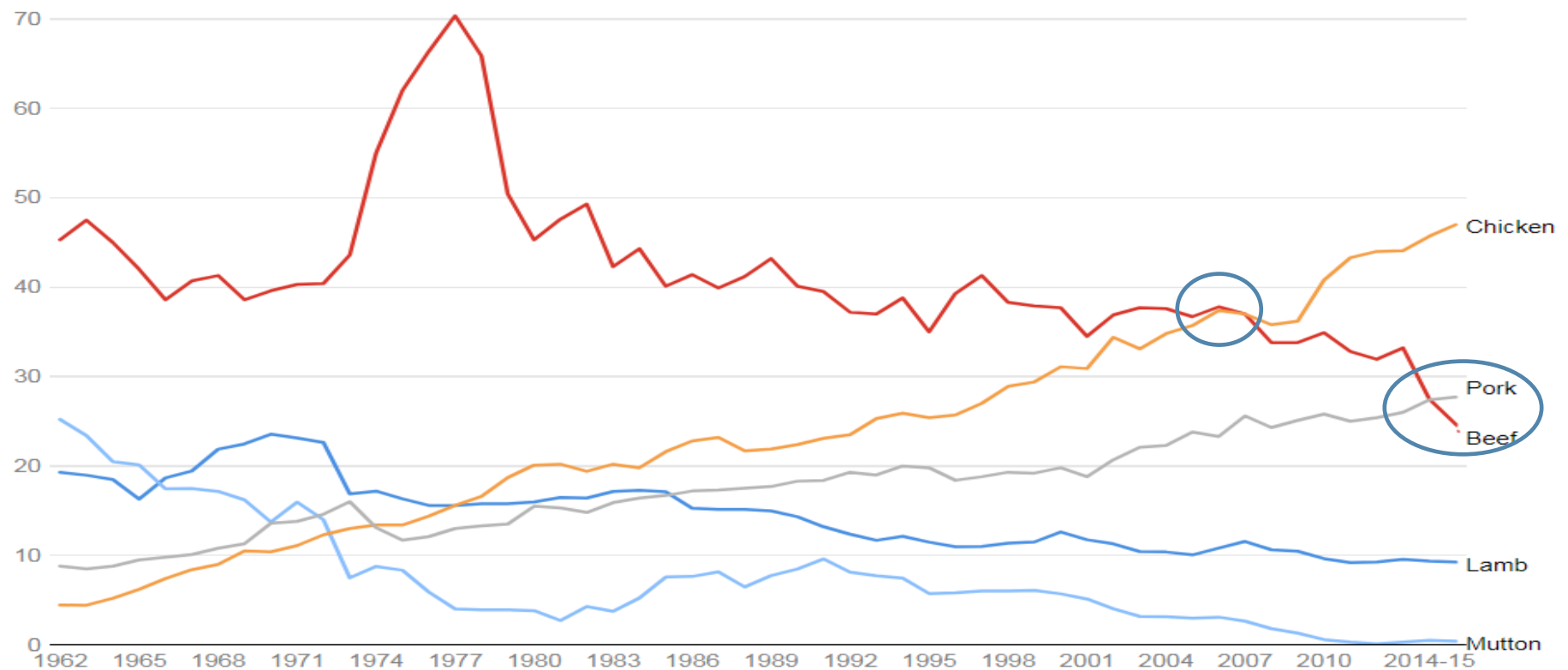
Beef, mutton and lamb were once the most commonly consumed meats in Australia. Now, chicken is by far the most widely consumed meat, followed by pork.
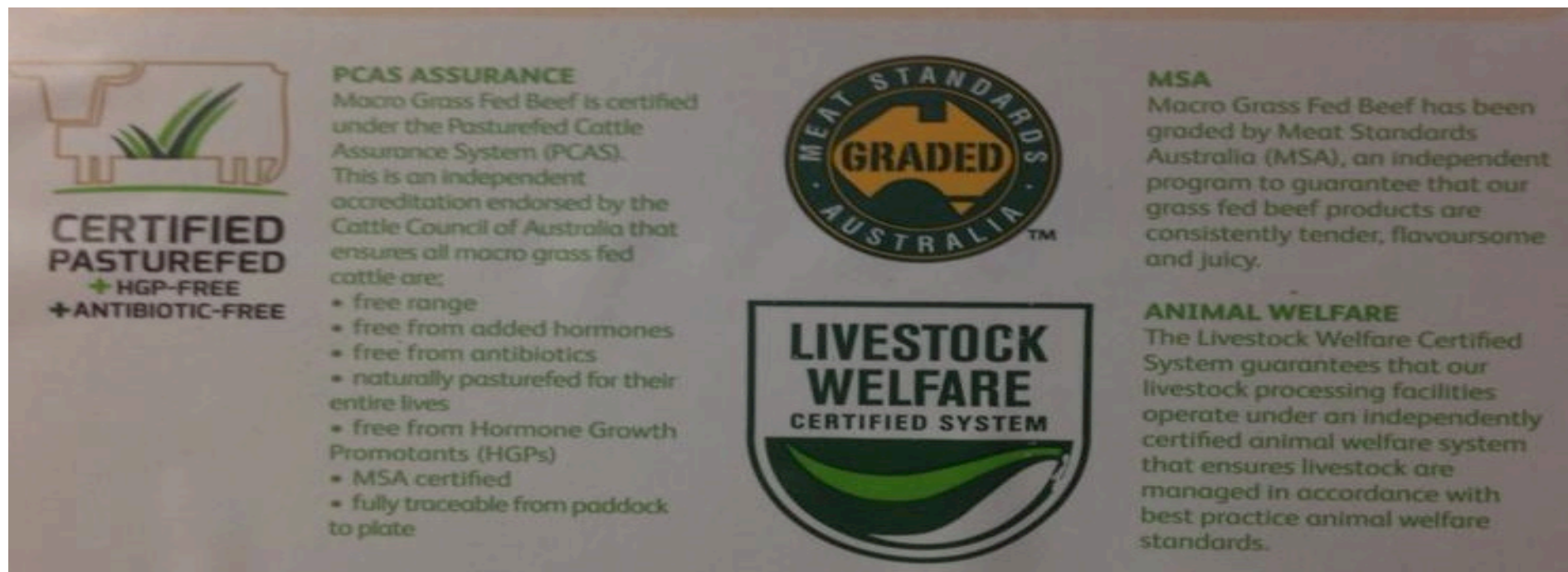
https://theconversation.com/three-charts-on-australias-declining-taste-for-beef-and-growing-appetite-for-chicken-78100

Front-of-Package Labelling Cues

'Back-of-Package' Information

CERTIFIED PASTUREFED
+ HGP-FREE
+ ANTIBIOTIC-FREE

PCAS ASSURANCE
Macro Grass Fed Beef is certified under the Pasturefed Cattle Assurance System (PCAS). This is an independent accreditation endorsed by the Cattle Council of Australia that ensures all macro grass fed cattle are:
- free range
- free from added hormones
- free from antibiotics
- naturally pasturefed for their entire lives
- free from Hormone Growth Promotants (HGPs)
- MSA certified
- fully traceable from paddock to plate

MSA
Macro Grass Fed Beef has been graded by Meat Standards Australia (MSA), an independent program to guarantee that our grass fed beef products are consistently tender, flavoursome and juicy.

ANIMAL WELFARE
The Livestock Welfare Certified System guarantees that our livestock processing facilities operate under an independently certified animal welfare system that ensures livestock are managed in accordance with best practice animal welfare standards.

Growth in Labelling Cues: "Credence Attributes"

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Why do we study demand for credence attributes?

- Production and process attributes in food that can't be verified by the consumer through visual inspection or experience

- Credence attributes are used as <u>cues</u> for:
  - Quality
  - Healthfulness
  - Nutrition
  - Safety
  - Impact on environment
  - Impact on animals, people etc.

2015 & 2017 Australian Meat Studies

- Nationally representative
  - Roy Morgan meat buyer data
- Food shopper
- Purchase meat at least monthly
- Sample quotas, Age
  - Gender
  - Location (States/Territories & City vs. Country)
- Also stratified by:
  - Education level
  - Respondent income
  - Employment

1. Screening questions
2. Meat behaviour
3. Awareness and use of meat product labelling
4. Choice experiment
5. Perception of credence claims
6. Concerns about meat
7. Knowledge of livestock management practices
8. Experience with livestock
9. Attitudes towards meat production and farm animal welfare
10. Socio-demographics

Meat Cuts

Beef		Chicken		Pork		Lamb	
Mince	Preferred Beef Steak	Breast Fillets	Thigh Fillets	Leg Roast	Loin Chops	Leg Roast	Loin Chops

Meat Attributes & Levels

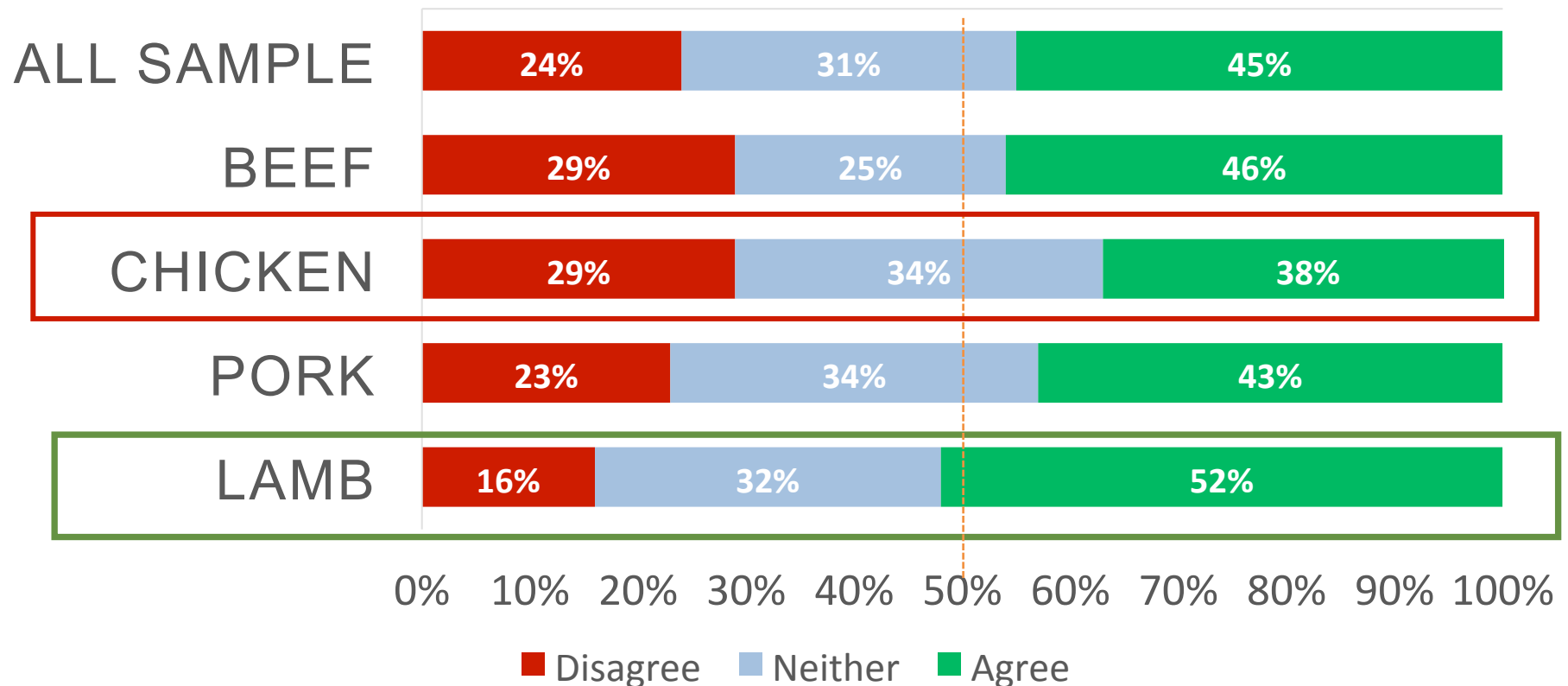| Production method	Farm Animal welfare status	Organic status	Other claims	Other claims	Price per kg
Beef & Lamb: Pasture-raised *Chicken & Pork:* Free Range	Certified Humane	Certified Organic	Antibiotic Free	No Added Hormones	4 levels per meat cut
Conventional	None	None	None	None	

Imagine you are shopping for fresh **BEEF** to be prepared and consumed at home for a typical main meal.

Please consider the following 4 options which <u>vary only by the factors shown in the table</u>.

Select the option that you would be most likely to choose.

|	Option A	Option B	Option C	Option D	Option E
Cut	Mince	Your Preferred Beef Steak (Scotch or Porterhouse)	Your Preferred Beef Steak (Scotch or Porterhouse)	Mince	
Price	$10.79/kg	$39.99/kg	$19.99/kg	$13.49/kg	
Production Method	Pasture-raised	Conventional	Conventional	Pasture-raised	I would not purchase any of these products
Organic Status	Certified Organic	Certified Organic			
Farm Animal Welfare Status		Certified Humane	Certified Humane		
Other Claims		Antibiotic Free	Antibiotic Free		
Other Claims	No Added Hormones		No Added Hormones		
I would choose	○	○	○	○	○

"*The welfare of cattle/chickens/pigs/sheep used to produce meat is as good as can be expected*" (n=1205, 2017)

|	Disagree	Neither	Agree
ALL SAMPLE	24%	31%	45%
BEEF	29%	25%	46%
CHICKEN	29%	34%	38%
PORK	23%	34%	43%
LAMB	16%	32%	52%

■ Disagree ■ Neither ■ Agree

Animal welfare attitudes (% agree /strongly agree, 2017):
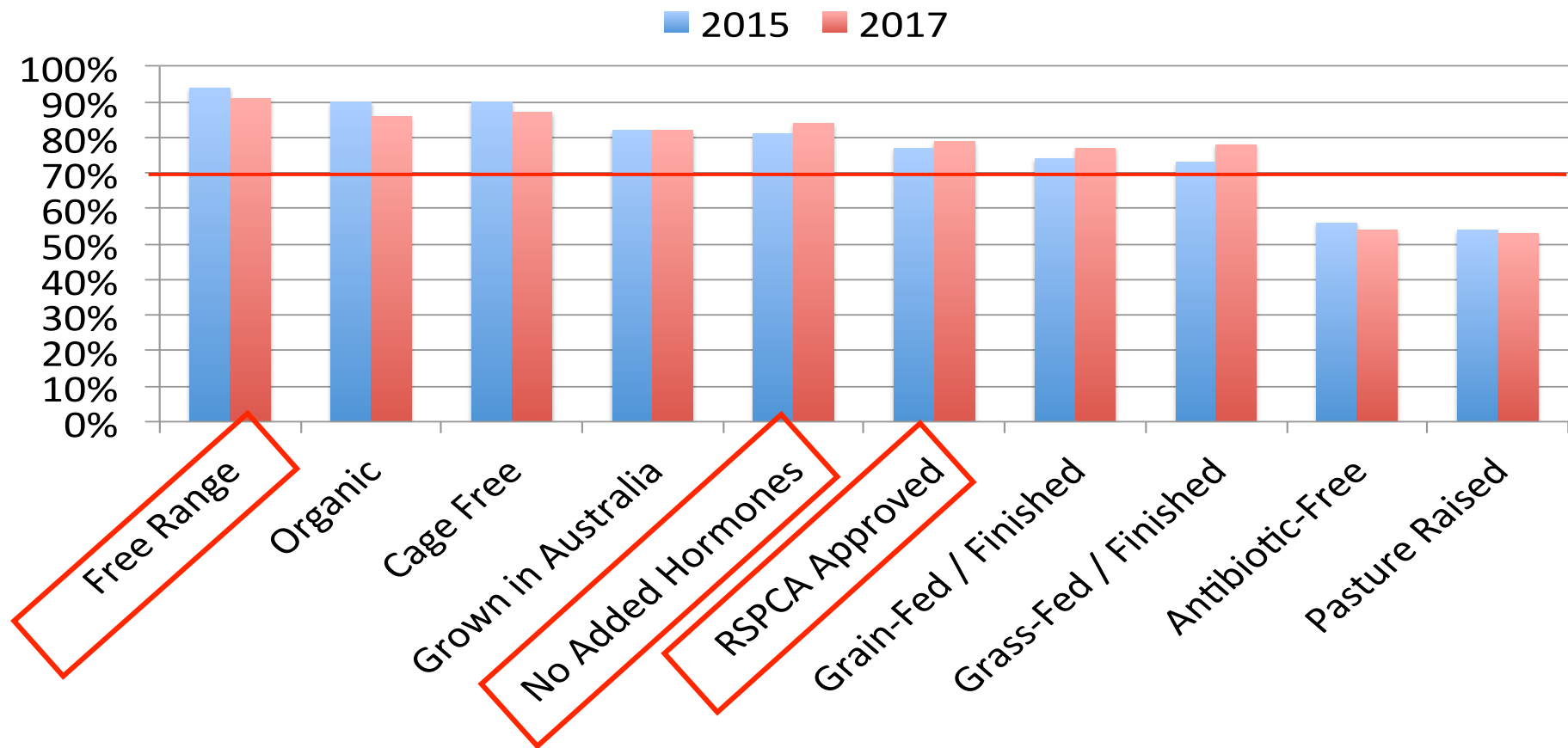## "Moral obligation, care, uninformed"
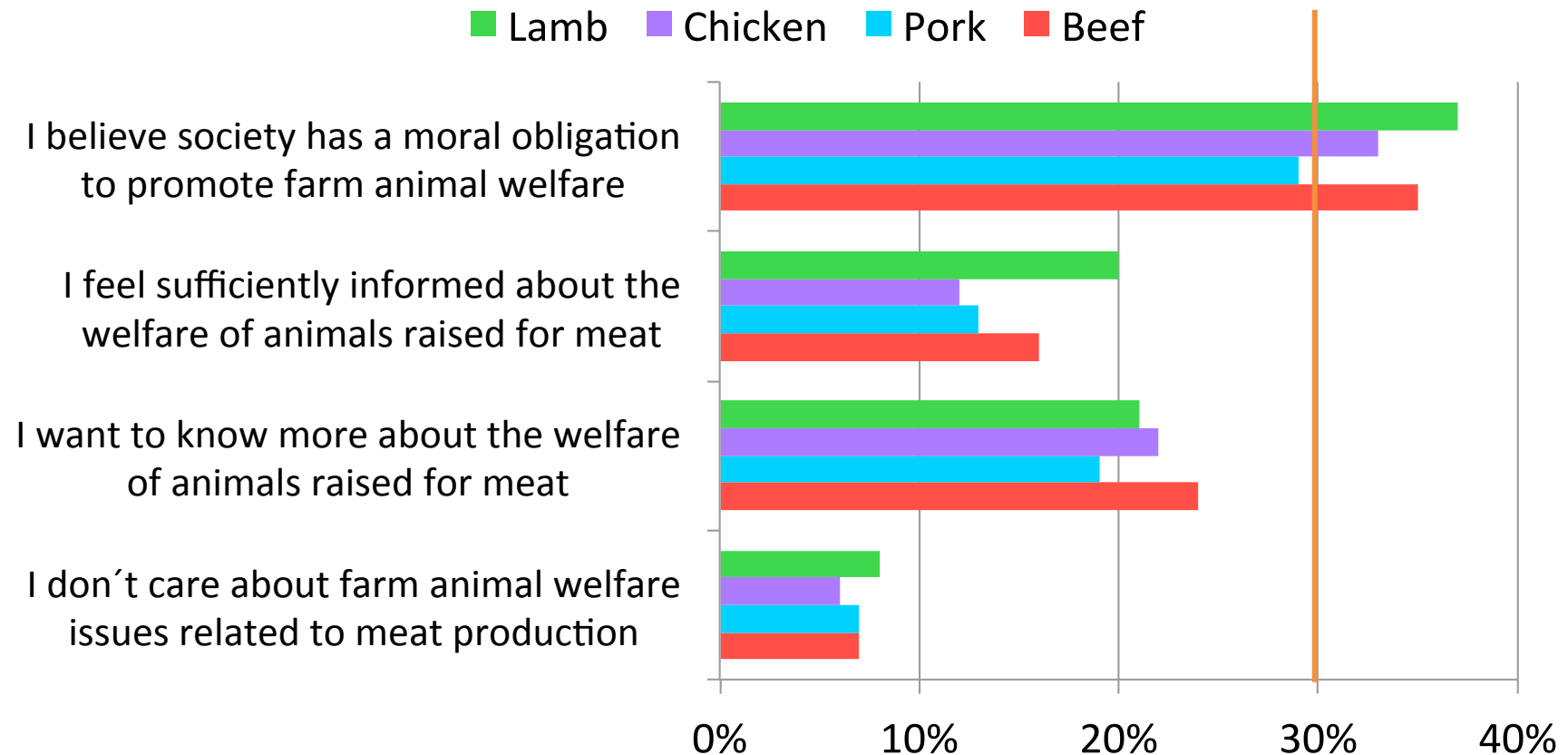
Animal welfare attitudes (% agree /strongly agree, 2017):
"Transport concerns? Impact on behaviour?"
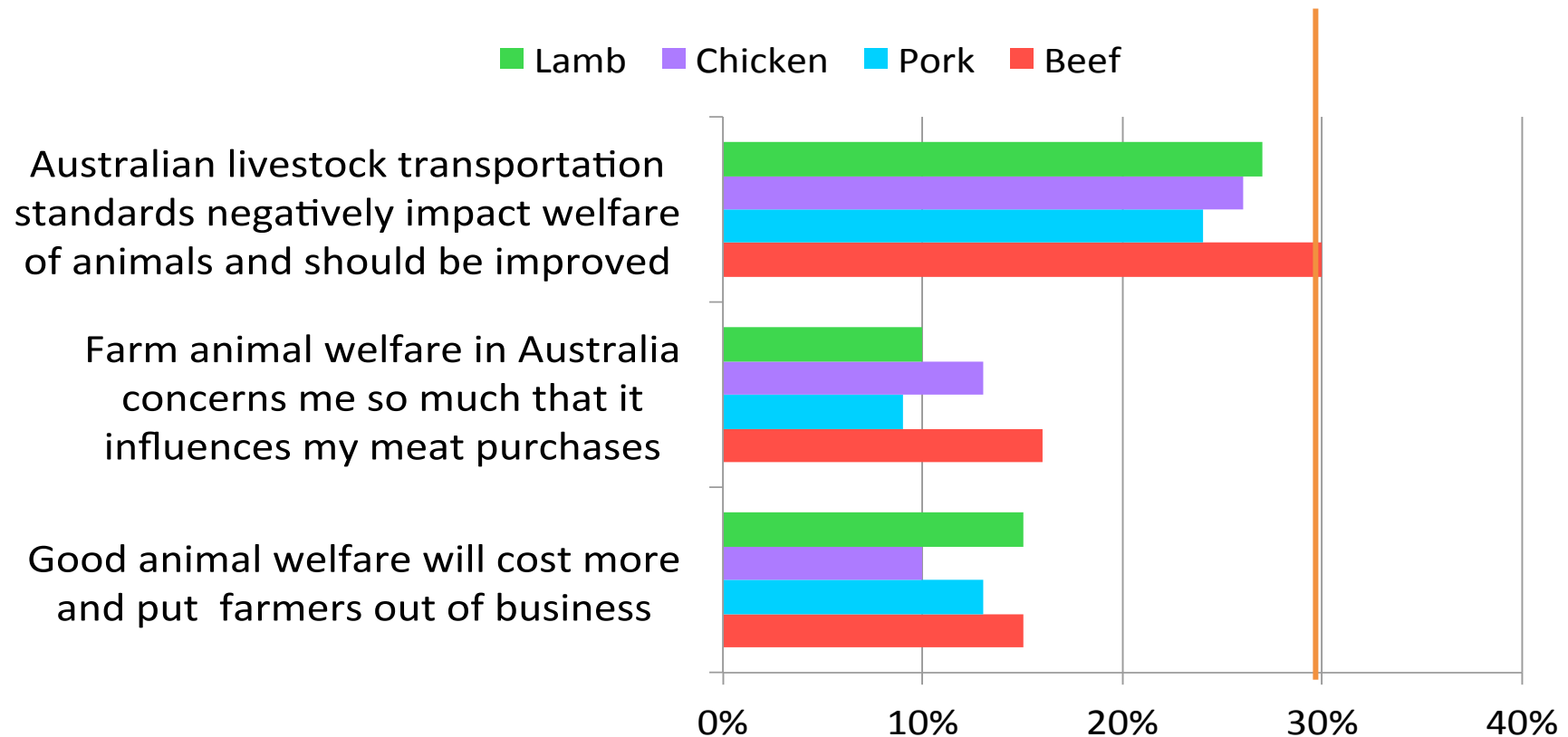
Animal welfare attitudes (% agree /strongly agree, 2017): "Animal welfare has personal benefits…"
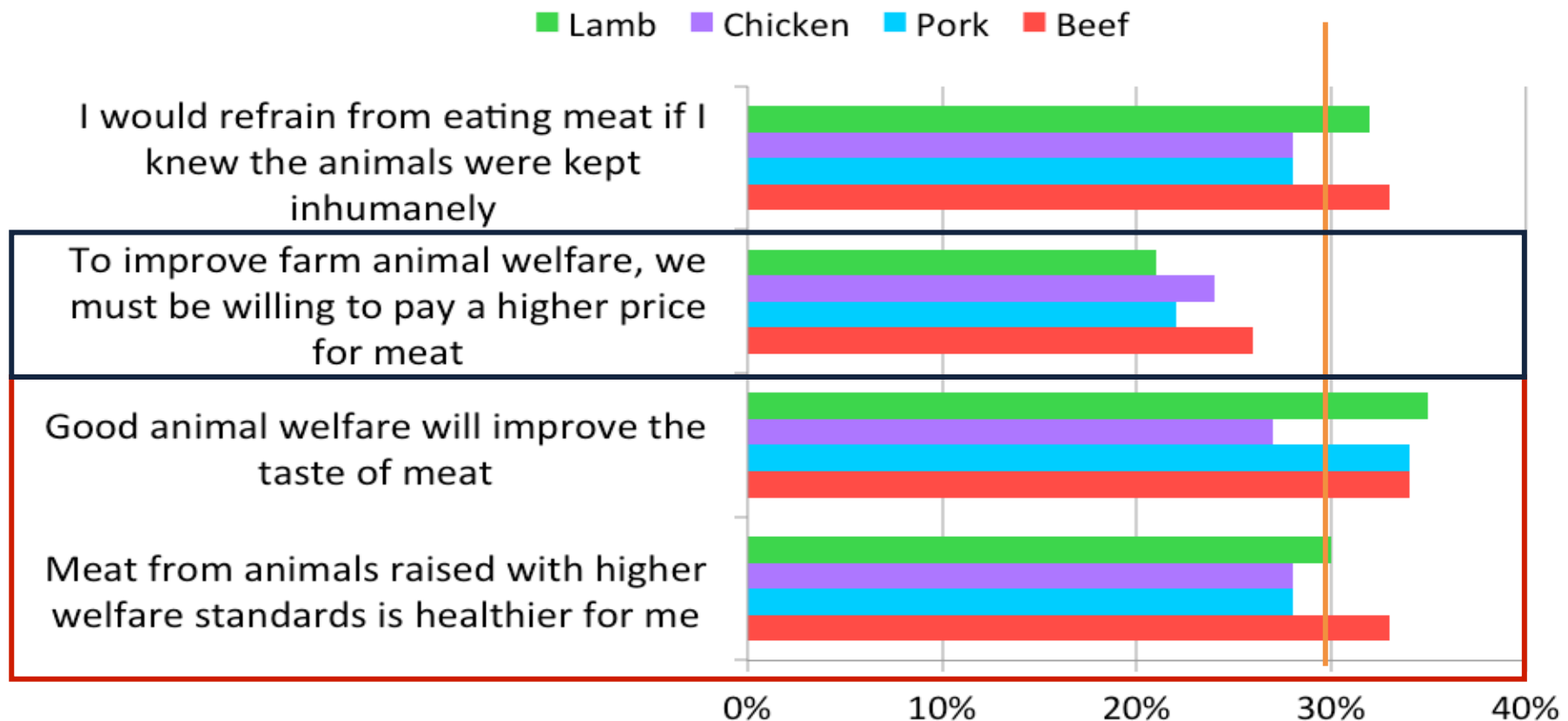
Consumer Awareness of Claims in Meat, 2015 vs 2017

Growth in Awareness of Animal Welfare Claims? 2015-2017

Claim	2015	2017
Product of Australia	91%	90%
National Heart Foundation Approved	94%	91%
Meat Standards Australia	52%	53%
RSPCA Approved Farming	60%	60%
Australian Certified Organic	42%	54%
Accredited Free Range	33%	31%

Claim	2015	2017
Australian Pork Certified Free Range	31%	48%
NASAA Certified Organic	13%	19%
Australian Grassfed Meats	13%	24%
Certified Pasturefed	7%	16%
Certified Humane Raised & Handled	9%	14%
Humane Choice True Free Range	8%	13%
Livestock Welfare Certified System	6%	11%

Australian Consumer Perceptions of Claims (2017, n = 1205)

Australian Consumer Perceptions of Claims   (2017, n = 1205)
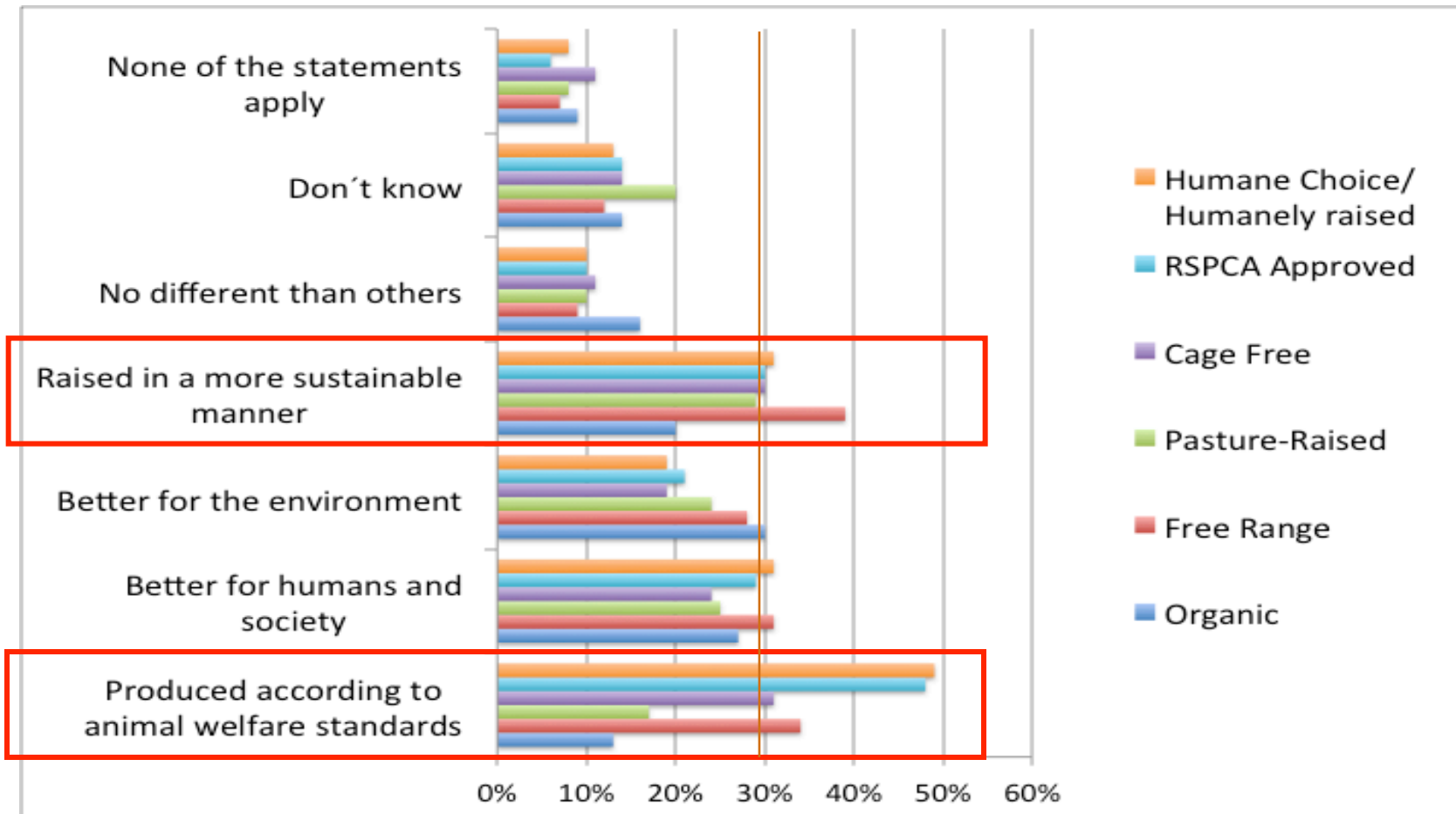
Are there significant preferences for credence claims across meat types?

I would not purchase any of these products

- **8.5% of respondents selected a 'no choice' option**

- **3% always selected 'no choice' option**

- **Main reason for selecting 'no choice' option was high cost of meat options**

|	Coefficient	St error
Randomised variables		
Price	-0.304***	0.015
Meat Cut	0.441***	0.118
Production Method	0.504***	0.052
Certified Organic	0.405***	0.058
Certified Humane	0.508***	0.054
Antibiotic Free	0.420***	0.056
No Added Hormones	0.776***	0.059
Distribution of randomised variables		
Price	0.529***	0.034
Meat Cut	2.621***	0.136
Production Method	0.508***	0.121
Certified Organic	0.728***	0.099
Certified Humane	0.406***	0.153
Antibiotic Free	0.548***	0.134
No Added Hormones	0.647***	0.123
Non randomised variables		
ASC	13.200***	1.501
Chicken	3.261***	1.243
Pork	0.229	1.218
Lamb	0.917	1.154
SigmaE01	8.089***	0.923

Willingness to Pay for Credence Attributes

|	WTP (95%CI)
Free Range/Pasture Fed	**$1.66** (1.29 – 2.03)
Certified Organic	**$1.33** (0.94 – 1.69)
Certified Humane	**$1.67** (1.30 – 2.07)
Antibiotic Free	**$1.38** (1.02 – 1.73)
No Added Hormones	**$2.55** (2.12 – 3.03)

- **No Added Hormones** > all other claims (P<0.01)

Willingness to pay differs by meat type (2015, n = 1009)
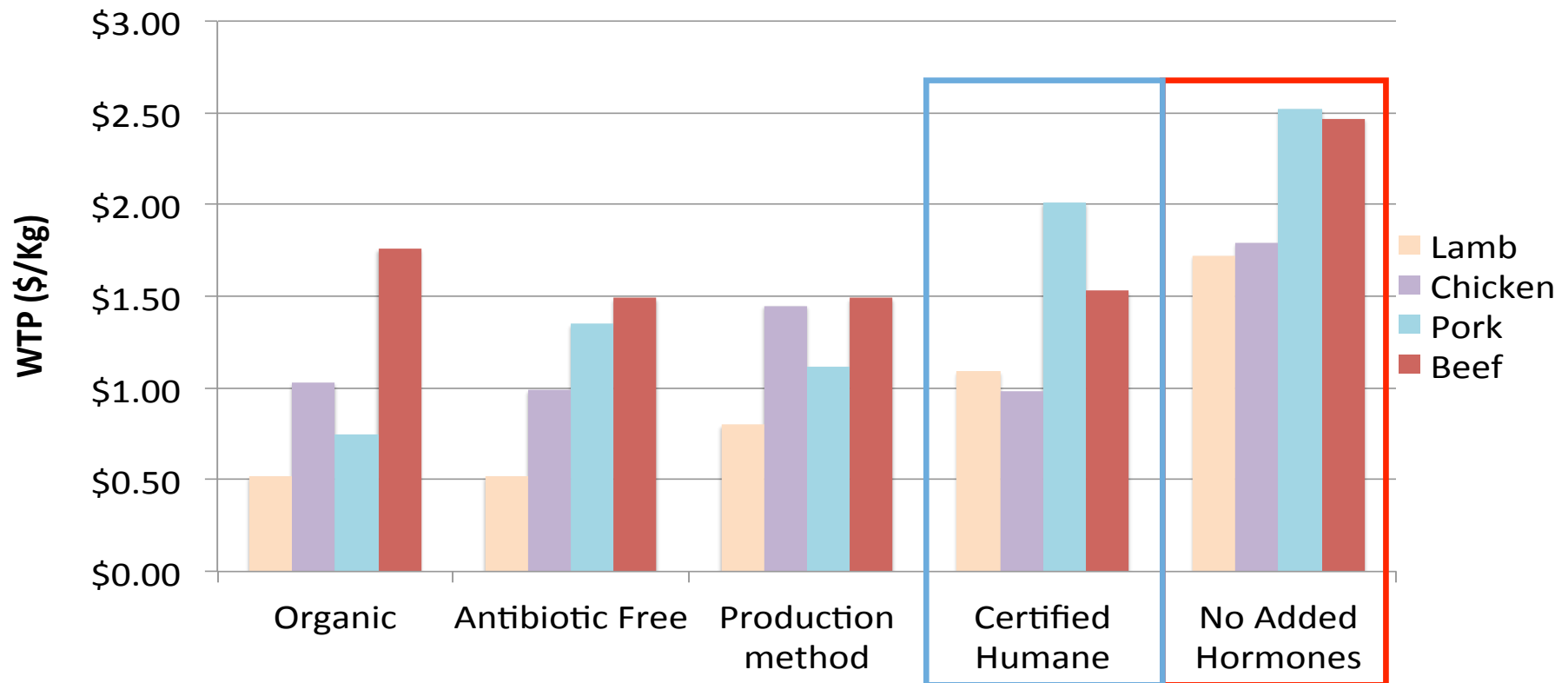
Consumers have heterogeneous preferences / values for credence attributes

- Drivers of preference differences are difficult to determine using socio-demographics
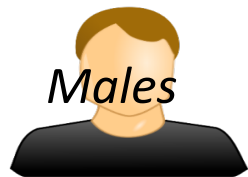
Males

60+

Higher than average income

Certified Humane

No Added Hormones

Certified Organic

Less likely to select than females

Less likely to select than younger respondents

More likely to select than lower income

3 Unique Segments: Class 1 (24%)

Credence motivated

- Somewhat sensitive to price and cut
- High premium for all credence attributes
    1. No added hormones (*)
    2. Free Range
    3. Organic (*)
    4. Humane production
    5. Antibiotic Free (*)
- Highest % of consumers perceive benefits of credence cue,
    - particularly benefits such as taste, safety, health
- Most knowledgeable, concerned, and previously purchased credence-differentiated products
- City dwellers

3 Unique Segments: Class 2 (32%)

Animal Welfare & Cut important,
Price insensitive

- Cut drives the purchase decision, followed by animal welfare

- High premiums (WTP) for
  1. Humane production (*)
  2. Free Range
  3. No added hormones

- Discount organic

- Higher than average % of consumers perceive benefits

3 Unique Segments: Class 3 (44%)

Price sensitive skeptics

- Price drives purchase decision
- Lower than average premiums (WTP) for
    1. No added hormones
    2. Humane production
- Low % perceive benefits from credence attributes

Key Messages (1)

- Consumers generally care about animal welfare
- BUT… They assume that industry is doing the "right" thing
- But, 'average' consumer not willing to pay for "animal welfare guarantees"
- Exceptions, are those who are
  - "welfare concerned," i.e. generally 'socially concerned'.
  - perceive animal welfare claims to improve safety, healthfulness, taste (i.e. private benefits)

Key Messages (2)

- Growing confusion about claims
  - Cynicism
  - Misperceptions and information asymmetry are significant issues
- Credibility is crucial to maintain any "value" in credence attributes
- Standards for claims and certifications are needed for "credence"

Thank you!

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