

Project Equilibrium

Qualitative research to determine consumer perceptions of free-range stocking densities

Final report of National findings prepared for
Australian Egg Corporation Ltd (AECL)

Report prepared by
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Background to research

- To understand consumer attitudes towards free-range egg production. Specifically to gauge reaction to a stocking density of 2 hens per square metre (m²)
- Key areas explored in each group:
 - What 'free-range' means to consumers and how they define it
 - Awareness of media coverage around free-range stocking densities
 - Reactions to:
 - Video of a free range production facility stocked at 2 birds per m²
 - The AECL proposal regarding a cap of 20,000 hens per hectare
 - Associated animal husbandry practices, i.e.; beak treatment
 - Pricing scenarios for eggs based on 20,000, 1500 and 750 hens per hectare

Methodology

- Focus groups were employed to ensure exploration of the issues from a range of viewpoints
- A self completion survey was administered at start of each session to collect individual feedback prior to open discussion on:
 - Opinions around caged, barn, free-range egg production
 - Reaction to the video footage
- All respondents were free-range egg purchasers
 - Buying free-range eggs at least every 2 weeks
 - Respondents were attitudinally screened to ensure they were 'true' regular free-range purchasers. There is a tendency for consumers to 'over-state' their purchasing of and intentions around buying free-range eggs
- A mix of demographics were sought across the groups:
 - Age (24-64): Half the groups = 24-44 year olds. Half = 45 – 64 year olds
 - Gender
 - Respondent locations: Inner city & suburban across key States
 - Specific locations and age group mix shown overleaf

The research process in detail

Recruitment

- Respondents had to be Main Grocery Buyers, egg purchasers and consumers
- They needed to buy free-range eggs at least every 2 weeks. They were screened both behaviourally and attitudinally to help ensure they were free-range egg purchasers and not simply claiming to be:
 - They tend to consider how their food was produced
 - Tend to choose best quality over lowest price

The group discussion flow

1. Writing down what came to mind on seeing/hearing the words Free-range, Barn-laid and Caged (no open discussion)
2. Viewing a 4 minute video of a 2 hen per m2 free-range egg production facility and filling in an evaluation questionnaire about what they saw and how satisfied they were with the conditions (no open discussion)
3. Open discussion: What they thought they'd just seen, positives and negatives. Estimation of stocking density
4. Reveal that the facility was free-range: Open discussion on their reaction to that information. How they define free-range, what they cues look for, where this information comes from
5. Reveal of stocking density: Open discussion focusing on their reaction and how best to articulate stocking density
6. Awareness of any media activity on this topic
7. Reveal of the AECL's proposal to cap free-range production at 2 hens per m2: Open discussion about the positives, negatives and potential impacts of this proposal
8. Exploration of prices currently paid for free-range eggs and what level of increase they 1) thought may result from the cap and 2) would tolerate paying without a change to their egg purchasing behaviour
9. Reveal of the animal husbandry practice of 'beak treatment' potentially required at the cap level. Introduction of the term 'beak treatment': Reactions to the term and impact on egg purchase
10. Testing of pricing scenarios for 1500 and 750 hens per ha and impact on purchasing behaviour
11. Open discussion: Cues and information sought when buying eggs currently, the information they would like to see/hear about the Standard and where/ how they would like to receive this information

Fieldwork schedule

	NSW	VIC	TAS	SA	WA	QLD
25-44 years	1 group Sydney Oct 11	1 group Melbourne Nov 11 (Respondents recruited from inner Melbourne suburbs)	1 group Hobart Feb 12	1 group Adelaide Apr 23	1 group Perth Apr 26	1 group Brisbane May 8
35-50 years	1 group Hurstville Nov 11	1 group Melbourne Nov 11 (Respondents recruited from Eastern Melbourne suburbs)				
45-64 years	1 group Parramatta Oct 11	1 group Melbourne Nov 11 (Respondents recruited from W & NW suburbs)	1 group Launceston Feb 12	1 group Adelaide Apr 23	1 group Perth Apr 26	1 group Brisbane May 8

Preamble

Throughout the fieldwork period there had been 'bursts' of media around the free-range stocking density issue

- Most recently, National media coverage surrounding the AECL press release that recommended a '2 birds per m²' stocking density (Early April 2012). This release was accompanied by resources on the AECL website and Youtube, such as footage of the free-range operation stocked at 2 hens per m²

Executive summary

- The findings from the groups were consistent across all States with the vast majority of respondents satisfied with the conditions of the production facility that they saw on the video
 - They considered that the hens looked healthy, happy and unstressed
- The majority underestimated the amount of hens at the facility and were surprised when the stocking density was revealed. What the respondents observed validated their commitment to buying free range eggs
- Care is needed in articulating the stocking density of hens to consumers
 - Thousands of birds per hectare is hard to visualise and creates an unfavourable, unrealistic image
 - Birds per m² was far more easy to visualise. However, many suggested supplementary imagery or data to give a sense of how much of the available space the hens occupied to 'complete' the story
- The setting of a cap on free-range stocking density was considered a positive (and long overdue) move and would likely build goodwill towards the industry if it were merchandised to consumers
 - However, many felt that this may increase the price they would pay for free-range eggs. They would tolerate a \$1-2 increase, but overwhelmingly rejected any increase beyond \$8, even if it meant that animal husbandry practices such as beak treatment could potentially be avoided

Q: What do consumers know about issues surrounding free-range stocking densities?

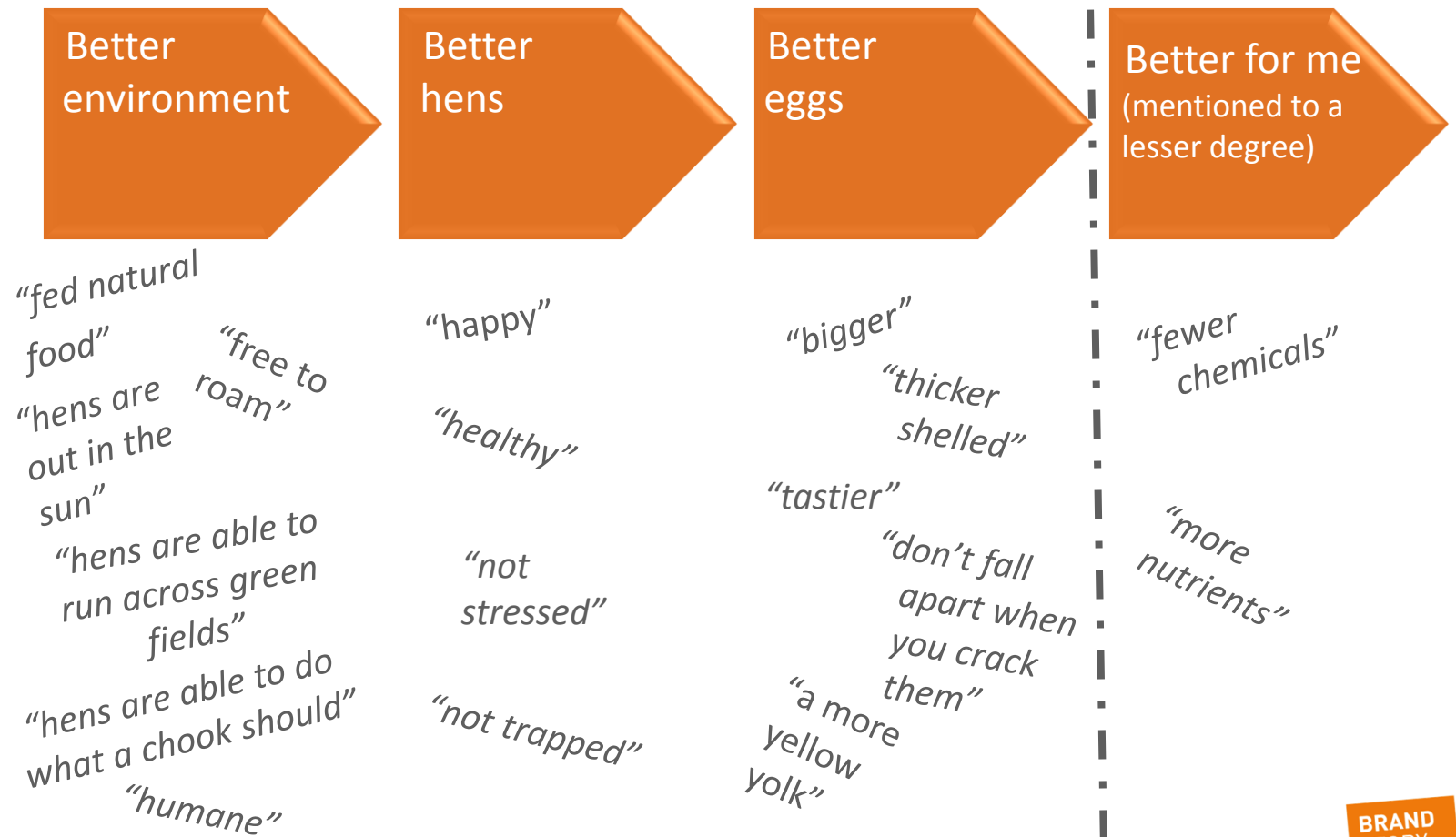
A: The media coverage has passed most by

- Only 1-2 in each group were aware of anything at all
 - But most commentary focused on 'free to roam' and broiler stocking issues
- Around 2-3 in each group recalled a Jamie Oliver program about egg and meat production
 - They recalled that it highlighted 'cruelty' in caged egg production
- In each Tasmanian group there were 2-3 mentions of *"that activist woman"* who campaigned against caged egg production in Tasmania... *"Pamela Clarke"*
- In the Perth and Adelaide groups 1-2 people actually recalled the free-range stocking density issue specifically, but even then, their commentary was vague... *"Something on the radio about free-range producers saying numbers were too high..."*

Q: So what is free-range
production all about to
consumers?

A: Free-range hens are healthy, happy & well fed and has a real pay-off for consumers

This perception was consistent across all groups



The 'best' in terms of welfare, quality & (to a lesser extent) nutrition

Q: How does free-range
compare to other
production methods?

A: 'Free-range' fairs better than 'Caged', whilst 'Barn' confuses many

Views of free-range egg consumers across all groups:

Caged eggs

"cruel"

"inhumane"

"they never see the sun"

"they're stressed"

"crammed in"

"flavourless eggs"

"unhealthy"

"unhappy"

"mass produced"

Unhappy hens, poor quality eggs

Barn laid eggs

"hens are less cooped up"

"better than caged"

"I imagine them scratching around in the hay on a floor of an old wooden barn"

"but they're still controlled and not out in the sun"

"not sure – caged in disguise?"

Cosy but constrained

These responses were collected at the start of the group from self-completion questionnaires prior to discussion

Q: So where do these consumers get information on egg production from?

A: From 'shock-docs and jocks' and word of mouth mainly...as well as the box the eggs come in

"A Jamie Oliver show"

"Saw a Youtube video of caged hens"

"Friends, relatives"

"My University mates who were studying animal production"

"My kids tell me things they've learnt at school"

"I read something in the paper a while go"

"I don't have time to look anything up, I just look for 'free range' on the box"

"A Current Affair"

"something on the TV about more free-range eggs being consumed than produced"

"I read the labels on the boxes"

"That doco about barn laid eggs.... Food inc?"

A number of piece-meal sources and little proactive information gathering

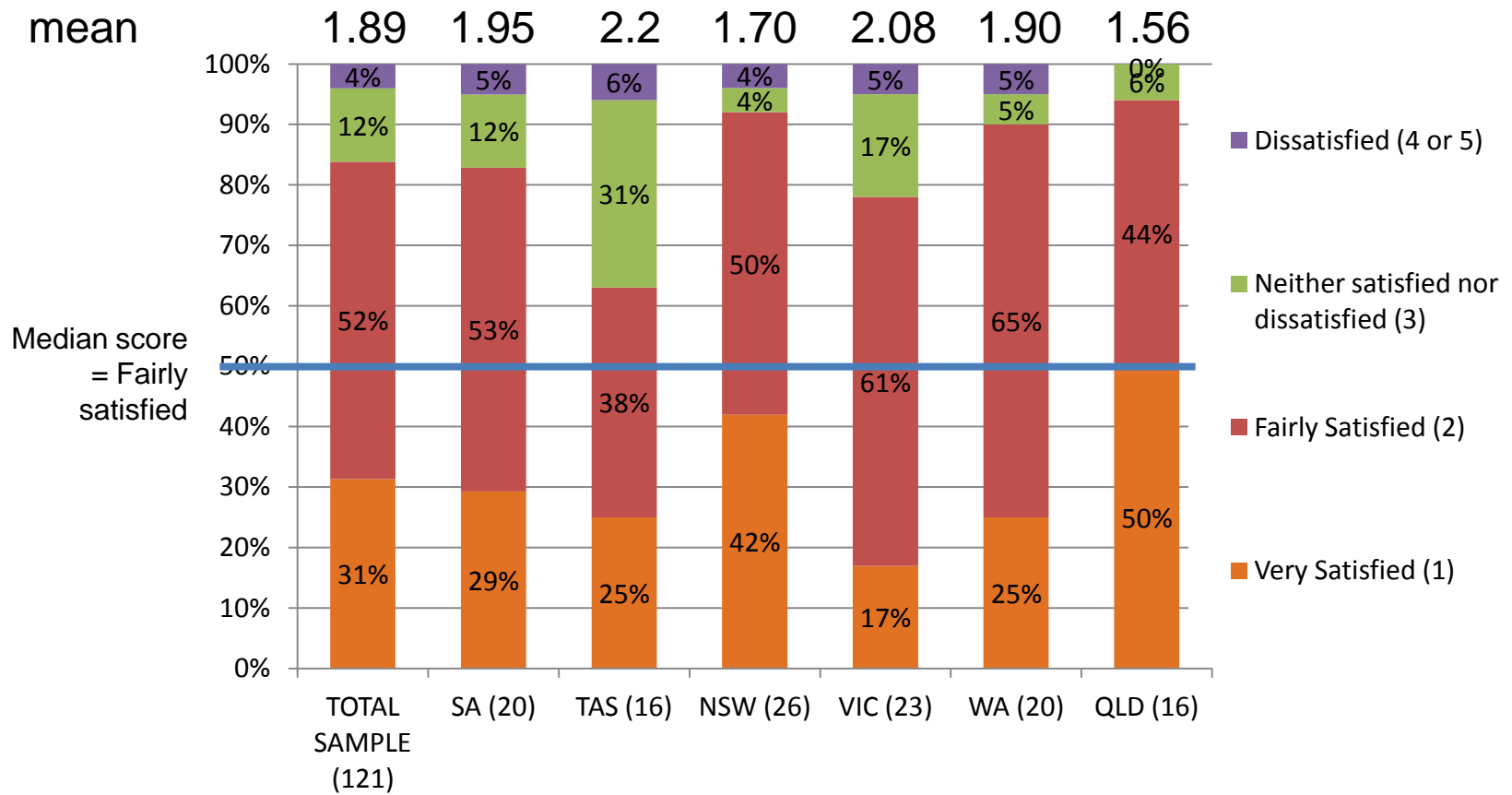
Q: So what did these consumers think about the 'free-range' production facility?

Respondents were shown a 4 minute video of a free-range production facility stocked at 2 hens per m²

- They were asked to watch the video in silence and then complete a questionnaire to evaluate what they had seen prior to open discussion
 - This methodology ensured as much as possible that an unbiased read on their reaction to the footage would be obtained
- The findings are shown overleaf

A: The vast majority were satisfied with the conditions they saw

Please circle the answer that best sums up your level of satisfaction with the conditions at the production facility you are observing



There was negligible negative reaction. The greatest positivity was in NSW and QLD and the most uncertainty in TAS

A: In sum, viewing the footage prompted many positives, few negatives and some questions


Positives

- *"The hens have choice"*
- *"The place was clean"*
- *"The hens look happy and healthy, no feathers missing... you see chickens with bare necks when they're overcrowded"*
- *"The hens are not henpecked"*
- *"There's greenery, I thought it would be bare outside"*
- *"They had loads of room to roam"*

Negatives and questions

- *"It's darker inside than I would have thought"*
- *"The (pop) holes that they use to get in and out are quite small, I'm sure some can't get out"*
- *"Where is their water?"*
- *"There are a lot of chickens at the back of the shed, can they get out?"*
- *"Why are they all inside?"*


The positive comments far outweighed the negatives



Respondents were able to quickly and readily justify the reasons behind the crowded conditions inside:

- *“They’re in the shade”*
- *“They’re nesting animals, they would be inside”*
- *“They’re social animals, they feel secure together”*
- *“Hens are followers, they tend to congregate”*

Q: Did they think the facility they saw on video was free-range?



A: While a minority initially said ‘barn-laid’ all accepted the definition of the facility as ‘free-range’ on a more commercial scale

- Around 2-3 people in each group said initially the the facility showed ‘barn-laid’ production but all were happy when the facility was revealed as ‘free-range’

“It’s hard to know because we don’t often see these places, we only have what’s in our minds”

Q: Did they think the hens on the video were exhibiting natural behaviours?

A: Overwhelmingly 'yes'

*"They look well fed
and fully feathered"*

"They can scratch around"

*"Stalking around as chickens do – flying,
pecking, scratching, lively"*

*"They look healthy
and unstressed"*

*"They are social animals anyway
so probably herd together.
Chooks always come back to
roost"*

*"They aren't fighting each
other"*

*"Moving freely,
naturally, no
arguments"*

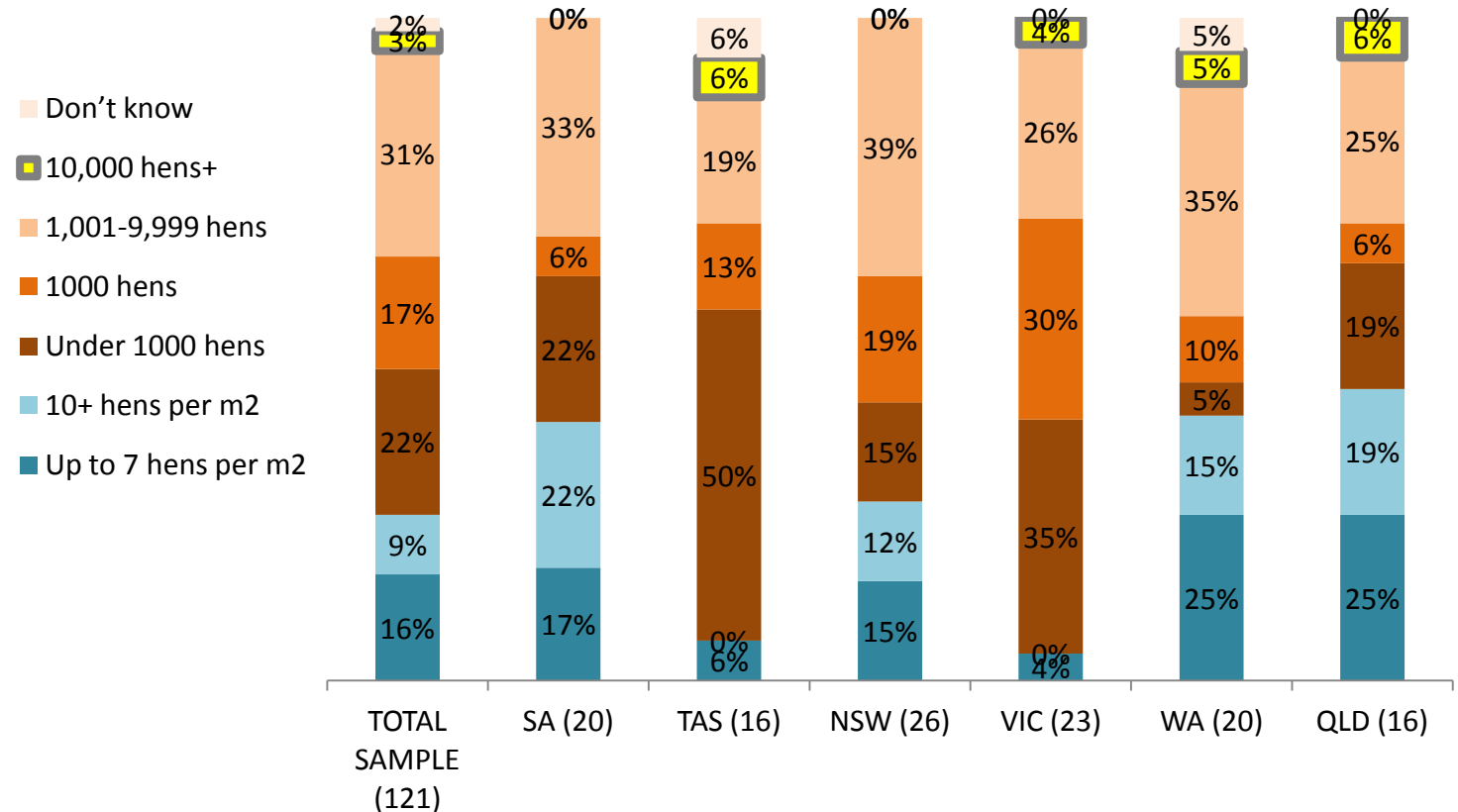
*"I'd be happy if I knew my eggs
were coming from there"*

While some considered the environment not to be completely their idea of free-range production, no-one thought that the hens were suffering


Q: How many hens did they think were at the facility on the video?

A: Estimations varied, as did the way in which they were articulated

How many chickens do you estimate are in the production facility?




The facility held 10,000 hens, but, while many estimated thousands of birds were present, almost everyone underestimated. SA, WA and QLD respondents were more likely to estimate in terms of birds per m2, with a good portion estimating under 7 birds m2



Stocking density is a hard
concept for consumers to
get their heads around

Q: What were their first reactions to there being a density of 20,000 per hectare/ 2 per square metre in the video shown?



A: Surprise – mainly because they considered that the hens looked so unstressed

“I was way off in my estimate!”

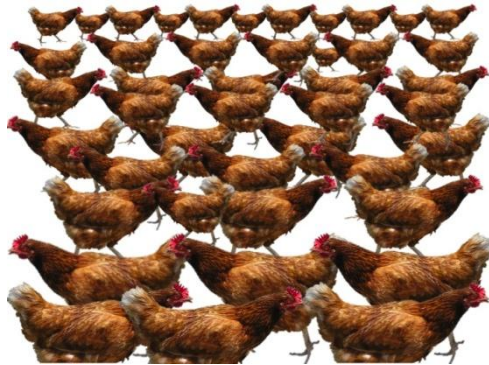
“There’s a lot of space there”

“I didn’t think it was that, that sounds like the chickens would be piled up inside”

“...but they are moving freely!”

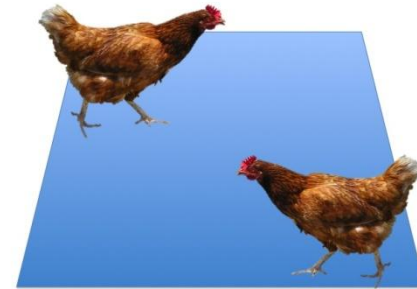
It was clear that the way in which the density was articulated conjured up some very different imagery

20,000 hens per hectare



- Thinking about thousands of birds and hectares was such an alien concept that they struggled to visualise it
- Beyond this, the large numbers mentioned were confronting in themselves leading to perceptions of a very crowded environment

2 hens per m²



- This articulation was much preferred – *“most people know what a metre is”*
- It conjured up a suitable density in respondents’ minds, but for some it did not paint a realistic picture – *“Hens will never distribute themselves in this way”*

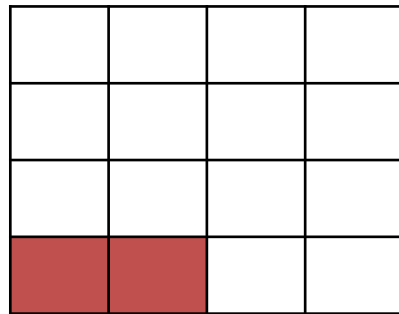
Smaller numbers are key to communicating stocking density in a meaningful way to consumers

Q: Is there a better way to articulate stocking density than 2 per square metre?

A: While many felt 2 hens per m² conveyed density adequately, these suggestions were made to add clarity

A visual representation of the available space the hens take up

- This basic grid tested well in NSW, VIC, TAS and QLD albeit with some minor executional changes – *“Show the chickens, it looks like a cage”*



The hens occupy 12% of the space available to them

- This way of articulating stocking density tested well in NSW, VIC, QLD and TAS, but concerns were raised that it would not be as easy to understand as the visual representation amongst those with low numeracy skills

Comparison with familiar situations

- A minority of respondents felt that the following could help them visualise the density better:
 - A comparison with similar situations people could find themselves in
 - The number of hens that would be in an average backyard, footy oval, tennis court etc. at that density

A combination of hens per m² plus a visual representation appears the optimal approach to conveying stocking density to consumers

Q: What was the impact of viewing the footage and finding out about the stocking density on their intent to buy free-range eggs?

A: No change in free-range egg purchasing behaviour was anticipated

"I actually feel more comfortable, there's more space than I thought"

"I'd eat the same, there's nothing upsetting there"

"[Seeing the video] would make me more likely to eat free-range if I didn't already"

"It confirms I'm doing the right thing"

This was consistently stated across all States

The following text was read to respondents:

The Australian Egg Corporation Ltd is looking to create and establish a **set of Standards to underpin free-range egg production in Australia.**

At present the number of chickens housed in free-range production facilities can vary anywhere from **750 birds per hectare right up to 100,000+ birds per hectare.** The Corporation is considering establishing a Standard of **20,000** birds per hectare as a cap on stocking density to help to Standardise free-range production

Q: How did they react to what they'd heard?

A: Praise for the AECL taking the initiative, but shocked at 100,000 hens per hectare and that nothing had already been done

“they’re doing something that needs to be done”

“they’re (AECL) taking a responsible approach to tackling an issue that needs to be addressed”

“100,000 hens per hectare is not free-range, I feel duped”

“they’re bringing everyone in line”

“I’m shocked that the definition of free-range is so variable, but at least you’ll know what it means going forward”

Q: So what did they think the impacts of the cap would be?


A: Price increases and availability of free-range eggs were key concerns, as well as a 'worse fate' for hens

"I pay \$5 a dozen now, I'm sure the price will go up"

"There'll be less free-range eggs around"

Most respondents were paying \$4-6 for their eggs currently

"Some of the larger producers may go back to caged egg production"



When prompted on price increase expectations, most were prepared to absorb \$1-2 more per dozen, but...

“Any more than that and I will start buying them fortnightly (less often)”

“A 25% increase is OK, but if it were double that, eggs would become a rare luxury”

“More than a \$2 increase and I’d get my own hen!”

“\$8 a dozen would be too much”

A price of \$6 - \$7 a dozen would be tolerated and would not be anticipated to impact on purchasing behaviour. \$8 per dozen would be simply too much for the majority to pay

The following text was read out


Chickens kept in free-range production facilities at the densities we have been talking about may be more at risk of in-fighting and cannibalism. **Beak treatment** may be employed to reduce this risk of injury and death

Q: What was the reaction to beak treatment and does it make a difference to the appeal of 2 per square metre/20,000?

A: Hearing the term 'beak treatment' was met with disgust by most

- *"I don't like the sound of that"*
- *"Yuk – they take half their beaks off don't they?"*
- *"Sounds cruel and horrible"*


Without explanation, people jumped quickly to the worst case scenario



The following 'economic scenarios' were presented to respondents which modelled the potential increase in price per dozen eggs that could result from setting the stocking density cap at levels lower than 2 birds per m² and thereby potentially avoiding beak treatment:

A density of 1,500
hens per hectare
would mean \$10-11
per dozen eggs

A density 750 hens
per hectare would
mean \$12-13 per
dozen eggs



When asked whether they'd pay \$10+ per dozen eggs for lower stocked hens (even to potentially avoid beak treatment) the vast majority said 'no'

"I'd pay it but most couldn't afford it"

"The industry wouldn't be viable, farmers will go bust and chickens will be culled"

"People, particularly the elderly would have to buy caged eggs"

"I'd be buying them less often and making fewer cakes and omelettes"

"I eat lots, they're a staple. \$12 is a similar price to meat"

"That's almost a dollar an egg, you'd be scared to break them"

"why should I pay more just because someone chooses to have fewer hens?"

These shoppers, even as regular free-range egg purchasers have a clear boundary on the price they will pay for a 'staple' food

Bottom-line


- Consumers are paying on average, between \$4-6 per dozen eggs currently
- They anticipate prices increasing as a result of this cap being established and can absorb \$1-2 more per dozen (up to \$8), but reject anything above this

Q: Should shoppers be told about beak treatment?

A: Overwhelmingly 'no'. Once explained, beak treatment didn't seem bad, even for free-range hens

- *"It's OK as long as they can still forage"*
- *"Well we're buying eggs from beak treated birds now..."*
- *"It's still better than caged eggs" "it's a commercial reality"*
- *"It's certainly better than mulesing, and they don't put that on pack"*
- *"I guess it's just like circumcision?...And they're not actually in pain"*
- *"It may raise further questions – what else aren't they telling us?"*

Beak treatment was an acceptable welfare 'price to pay' to get a reasonable price per dozen



However, the information should be accessible for those who want to know

“That information should be on a website”

On the other hand, ‘beak treatment-free’ was considered by a few to be a useful promotional tool for producers who wanted to sell their eggs at a premium

For the majority however, beak treatment was something they don’t even want to think about

Q: Is it important to tell consumers about stocking density?

Egg purchasing is a relatively low involvement decision and they already look for a number of cues on pack

- Currently most spend only a few seconds in store choosing eggs
 - *“I’m usually doing it while trying to stop my kid ripping packs off the shelf!”*
- They’re generally look for quick and easy cues:
 - **Production method** – *“Free range”*
 - **Brand/region** – *“More natural regions hopefully mean more natural eggs”*
 - **Price**
 - **Size** - *“Extra large written on the pack”*
 - **Colour** – While some liked white, browner is best – *“More natural”*
- They have little interest in reading lots of additional information
 - *“Don’t make it too hard for me, I won’t stand there and read too much information”*

A: A compliance symbol is valued on pack, but stocking density potentially requires too much knowledge/ interest to interpret and on-pack is not the optimal place

“they’re just a staple, I don’t want to work too hard to choose them”

“stocking density means something to us because we know about it, but it won’t mean much to most people”

“just tell me they comply”


However, they acknowledged any symbol would need an explanation behind it for those who wanted to know

Q: How and where
should information about
the Standard be
communicated to them?

A: Ideally via a TV or press campaign, but more realistically a website would suffice for those who were interested


- *“Have a TV ad that says there’s a new Standard and why it’s been established”*
 - Shoppers will appreciate new reasons to feel good about buying free-range and potentially why they’re being asked to pay more to do so
- *“Have a website address on the box or a leaflet if you want to find out more”*

Q: What do they want to
hear about the new
Standard?



A: They need to believe in the Standard. They'd like to see evidence that the Standard is being 'policed' to ensure compliance

- *"It needs to be policed – people need to be able to trust it"*
- *"Perhaps farms need to be audited every 6 months"*
- *"Farmers should have a license"*



A: As well as stocking density and audit practices, respondents wanted to see information on:

- What the hens are fed
 - Free-range production is synonymous with a more healthy, natural and varied diet for the hens. In many cases it is assumed that hens are fed an organic diet
 - Most consumers believe that the quality of the hens' diet has a direct impact on the taste of the egg and resulted from *“the hens being able to supplement their diet with bugs and insects”*
- The quality of the outdoor range, which again was felt to impact on the quality of the hens' diet
 - *“They won't be able to forage as much on concrete”*

Further reassurance that the eggs are 'best quality' and nutritionally sound

Main research findings in summary

- The AECL's move to cap 'free-range' stocking densities is seen as a positive one by consumers
- 20,000 hens per hectare is seen as a reasonable compromise, based on consumers...
 - Viewing the footage and subsequently all understanding that it is a 'free-range' facility
 - Considering the ramifications of lower densities on price, availability of eggs & the future of the industry



Thank you