An Evaluation of the Importance to Consumers of Selected Niche Pork Attributes

R Parker & Associates, Inc. / Ashcraft Research
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Purpose

- Provide niche pork producers with specific and actionable information about consumer preferences.
- Identify which niche pork attributes consumers prefer and whether they are willing to pay a sufficient premium for those attributes.
Methodology

- Online interviews of 200 pork consumers.

- Respondents were chosen based on the generally accepted standard for primary food shoppers: females, aged 21 to 54, who do more than 50% of the food shopping and have purchased fresh pork in the past month.

- The critical thrust of the study was the conjoint exercise. Per a statistical plan, respondents were shown 18 different pairs of concepts. Each concept was a different combination of attributes. The attributes were varied in order to discover the respondent’s preferences in pork products.

- In addition, questions were asked on general acceptance and knowledge of niche meat products.
Attributes

Price

- Price was expressed relative to conventional pork.
- There were three price levels; the higher ones reflecting the premiums niche pork products are sold at today.
  - Same as conventional pork
  - 40% more than conventional pork
  - 75% more than conventional pork
- “40% more than conventional pork” corresponds to the price of no antibiotics/no growth promotants/no animal by-product pork currently in the marketplace.
- “75% more than conventional pork” corresponds to the price of organic pork currently in the marketplace.
Attributes

Non-Price Attributes

- The non-price attributes include:
  - Raised without antibiotics
  - Raised without growth promotants
  - Raised without animal by-products in the feed
  - Pasture raised
  - Certified Berkshire
  - Certified organic

- Given the nature of the conjoint analysis, there was only room for six non-price attributes.

- These six attributes are the ones most commonly found in the marketplace.

- The attributes are worded as they would appear on a USDA approved label.
Summary of Findings

Price

- Price had more influence on purchase decisions than any other attribute tested.

- Almost 1/2 of consumers (49%) were in a segment that valued price to the exclusion of all other attributes.
  - Every other attribute was secondary to this segment
  - Half of consumers will never be in the market for niche pork due to price

- When price was most important consumers tended to be younger (aged 25–34 years).
Summary of Findings

Raised Without Animal By-products/Raised without Growth Promotants

- A motivational segment was identified which was comprised of 37% of pork buyers that considered these attributes important.
  - For this group no antibiotics and pasture raised were also ranked highly
  - While price was a factor it was not the exclusive factor

- These two attributes were among the top niche attributes on importance in influencing buying decisions. They often appear together in the marketplace.

- In simulations pork raised without animal by-products or growth promotants was among the top niche attributes in estimated shares.
Summary of Findings

Raised Without Animal By-products/Raised Without Growth Promotants (Cont.)

- It also helped boost shares when combined with other attributes.
- When price was not mentioned 70% to 75% of respondents indicated that they would probably or definitely buy pork, chicken or beef raised without animal by-products or growth promotants in the feed.
Summary of Findings

Raised Without Antibiotics

- Pork raised without antibiotics was another niche attribute important to a segment of consumers.

- A motivational segment was identified which was comprised of 14% of respondents that considered this attribute important.
  - While the general public is not significantly concerned, there is a segment that is very concerned about antibiotics.
  - They expect, and are willing, to pay more for pork “Raised without antibiotics” (40% more than conventional pork).
  - While this segment is small, it buys more pork per capita than other segments.
  - Consumers concerned about antibiotics tended to be older (aged 45-54 years).
  - For this group, pasture raised also ranked highly.
Summary of Findings

Raised Without Antibiotics (Cont.)

- Pork raised without antibiotics boosted shares of preference when combined with other attributes.
- When price was not mentioned, 58% to 62% of respondents indicated that they would probably or definitely buy pork, chicken or beef raised without antibiotics.
Summary of Findings

Pasture Raised

- Consumers find pasture raised somewhat important, but not among the top attributes.

- When price was not mentioned, 70% to 80% of respondents indicated that they would probably or definitely buy pasture raised pork, chicken or beef.
Summary of Findings

Certified Organic

- Certified organic pork rated lower on importance.
- Consumers may not be sure what is meant by the term “certified organic”.
- When offered at the same time as other niche pork products, Certified organic pork shares remained in the 3.5% to 3.7% range.
- When price was not mentioned, 60% of respondents indicated that they would probably or definitely buy certified organic pork, chicken or beef.
Summary of Findings

Certified Berkshire

- Certified Berkshire was comparable in level of importance to certified organic.
- Consumers may not be sure of what certified Berkshire pork is.
- When price was not mentioned, 26% indicated that they would probably or definitely buy a special breed of meat.
- Consumers may not be sure of what is meant by a special breed of meat.
Summary of Findings

Locally Grown

- Almost half the respondents have much (11%) or some (35%) interest in locally grown pork.

- When price was not mentioned, 69% to 74% of respondents indicated that they would probably or definitely buy locally grown pork, chicken or beef.
Conclusions

- Consumer interest in niche pork attributes is significant.
- Consumers place different levels of importance on different niche pork attributes.
- The largest opportunities involve products with multiple attributes.
- Distinct consumer motivational segments exist.
  - Attitudinal differences
  - Demographic differences
  - Less price sensitivity
Conclusions

- Some segments of consumers are willing to pay a premium for the right attributes.

- For these segments and attributes, it did not seem to affect the share significantly whether the price was at a 40% premium or 75% premium. Producers should consider setting their prices at the higher levels.

- Potential market shares range from 25% to 1%.

- Even a small share of the fresh pork market can mean considerable business.
Detailed Findings
Segmentation analysis reveals three motivational segments. The people in each segment have similar response patterns.

**Segmentation: Total Respondents**

- 14% are primarily motivated by lack of antibiotics
- Just over a third are motivated by no growth promotants/no animal by-products
- Half of pork buyers are primarily motivated by price

Note: this segmentation results from statistically grouping consumers based on the similarity of decisions made during the conjoint exercise

Number of respondents: 200

Note: Statistical Cluster Segmentation
11% are strongly motivated by a locally raised claim, and 35% have moderate interest.

**Motivation to Buy Locally Raised Pork**

<table>
<thead>
<tr>
<th>Base</th>
<th>200</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net: Much more/Somewhat more likely to buy</strong></td>
<td>46</td>
</tr>
<tr>
<td>Much more likely to buy (5)</td>
<td>11</td>
</tr>
<tr>
<td>Somewhat more likely to buy (4)</td>
<td>35</td>
</tr>
<tr>
<td>No difference (3)</td>
<td>53</td>
</tr>
<tr>
<td>Somewhat less likely to buy (2)</td>
<td>1</td>
</tr>
<tr>
<td>Much less likely to buy (1)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Mean</strong></td>
<td>3.6</td>
</tr>
</tbody>
</table>

5 = Highest possible score
Simulations

What is estimated potential when a combination pork product (raised without growth promotants and animal by-products) is sold along with conventional pork?

- Pork raised without growth promotants and animal by-products at a 40% premium will comprise up to 15.9% of the shares when in the store with conventional pork.
- Pork raised without growth promotants and animal by-products at a 75% premium will comprise up to 13.5% of the shares when in the store with conventional pork.

**Share of Choices**

<table>
<thead>
<tr>
<th>Conventional</th>
<th>Combination pork at a 40% premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>84.1%</td>
<td>15.9% (Pork raised without Growth Promotants and Animal By-products)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Conventional</th>
<th>Combination pork at a 75% premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>86.5%</td>
<td>13.5% (Pork raised without Growth Promotants and Animal By-products)</td>
</tr>
</tbody>
</table>
Simulations

What is estimated potential when pork raised without antibiotics is sold along with conventional pork?

- Pork raised without antibiotics at a 40% premium will comprise up to 10.8% of the shares when in the store with conventional pork.
- Pork raised without antibiotics at a 75% premium will comprise up to 9.1% of the shares when in the store with conventional pork.

Share of Choices

<table>
<thead>
<tr>
<th>Share of Choices</th>
<th>Conventional</th>
<th>Raised without Antibiotics</th>
</tr>
</thead>
<tbody>
<tr>
<td>89.2%</td>
<td>10.8%</td>
<td>Raised without Antibiotics at a 40% premium</td>
</tr>
<tr>
<td>90.9%</td>
<td>9.1%</td>
<td>Raised without Antibiotics at a 75% premium</td>
</tr>
</tbody>
</table>
Simulations

What is estimated potential when pasture raised pork is sold along with conventional pork?

- Pasture raised pork at a 40% premium will comprise up to 10.3% of the shares when in the store with conventional pork.
- Pasture raised pork at a 75% premium will comprise up to 8.6% of the shares when in the store with conventional pork.

Share of Choices

<table>
<thead>
<tr>
<th></th>
<th>Conventional</th>
<th>Pasture Raised at a 40% premium</th>
<th>Pasture Raised at a 75% premium</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Share of Choices</strong></td>
<td>89.7%</td>
<td>10.3%</td>
<td>91.4%</td>
</tr>
</tbody>
</table>
**Simulations**

*What is estimated potential when certified organic pork is sold along with conventional pork?*

- Certified organic pork at a 40% premium will comprise up to 9.4% of the shares when in the store with conventional pork.
- Certified organic pork at a 75% premium will comprise up to 7.7% of the shares when in the store with conventional pork.

**Share of Choices**

<table>
<thead>
<tr>
<th></th>
<th>Conventional</th>
<th>Certified Organic at a 40% premium</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>90.6%</strong></td>
<td>Certified Organic at a 40% premium</td>
<td></td>
</tr>
<tr>
<td><strong>92.3%</strong></td>
<td>Certified Organic at a 75% premium</td>
<td></td>
</tr>
</tbody>
</table>
Simulations

*What is estimated potential when certified Berkshire pork is sold along with conventional pork?*

- Certified Berkshire pork at a 40% premium will comprise up to 9.1% of the shares when in the store with conventional pork
- Certified Berkshire pork at a 75% premium will comprise up to 7.6% of the shares when in the store with conventional pork

**Share of Choices**

<table>
<thead>
<tr>
<th></th>
<th>Conventional</th>
<th>Certified Berkshire at a 40% premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>90.9%</td>
<td>9.1%</td>
<td></td>
</tr>
<tr>
<td>92.4%</td>
<td>7.6%</td>
<td></td>
</tr>
</tbody>
</table>
Simulations of Attribute Combinations

*What is estimated potential when a combination pork product (pasture raised, and raised without antibiotics, growth promotants, and animal by-products) is sold along with conventional pork?*

- Pork that is pasture raised without antibiotics, growth promotants, and animal by-products at a 40% premium will comprise up to 25.0% of the shares when in the store with conventional pork.
- Pork that is pasture raised without antibiotics, growth promotants, and animal by-products at a 75% premium will comprise up to 21.7% of the shares when in the store with conventional pork.

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**Share of Choices**

<table>
<thead>
<tr>
<th></th>
<th>75.0%</th>
<th>25.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional</td>
<td>(Pastured raised pork without Antibiotics, Growth Promotants, and Animal By-products)</td>
<td>Combination Pork at a 40% premium</td>
</tr>
<tr>
<td></td>
<td>78.3%</td>
<td>21.7%</td>
</tr>
<tr>
<td>Conventional</td>
<td>(Pastured raised pork without Antibiotics, Growth Promotants, and Animal By-products)</td>
<td>Combination Pork at a 75% premium</td>
</tr>
</tbody>
</table>
Simulations of Attribute Combinations

*What is estimated potential when a combination pork product (raised without antibiotics, growth promotants, and animal by-products) is sold along with conventional pork?*

- Pork raised without antibiotics, growth promotants, and animal by-products at a 40% premium will comprise up to 20.5% of the shares when in the store with conventional pork.
- Pork raised without antibiotics, growth promotants, and animal by-products at a 75% premium will comprise up to 17.7% of the shares when in the store with conventional pork.

**Share of Choices**

<table>
<thead>
<tr>
<th></th>
<th>Conventional</th>
<th>Combination Pork at a 40% premium</th>
<th>Combination Pork at a 75% premium</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>79.5%</strong></td>
<td></td>
<td>20.5%</td>
<td></td>
</tr>
<tr>
<td><strong>82.3%</strong></td>
<td></td>
<td>17.7%</td>
<td></td>
</tr>
</tbody>
</table>
Simulations of Attribute Combinations

What is estimated potential when a combination pork product (certified Berkshire, raised without animal by-products, growth promotants, and antibiotics) is sold along with conventional pork?

- Adding the certified Berkshire feature to this combination results in an estimated two share point gain (compared to combination shown on previous slide)

- Pork that is certified Berkshire and raised without animal by-products, growth promotants, and antibiotics at a 40% premium will comprise up to 22.5% of the shares when in the store with conventional pork

- Pork that is certified Berkshire and raised without animal by-products, growth promotants, and antibiotics at a 75% premium will comprise up to 19.5% of the shares when in the store with conventional pork
Simulations of Attribute Combinations

What is estimated potential when a combination pork product (certified Berkshire, raised without animal by-products, growth promotants, and antibiotics) is sold along with conventional pork? (Cont.)

<table>
<thead>
<tr>
<th>Share of Choices</th>
<th>77.5%</th>
<th>22.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combination pork at a 40% premium</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Share of Choices</th>
<th>80.5%</th>
<th>19.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combination pork at a 75% premium</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Certified Berkshire pork raised without Animal By-products, Growth Promotants, and Antibiotics)
Simulations of Attribute Combinations

*What is estimated potential when a combination pork product (certified organic and certified Berkshire) is sold along with conventional pork?*

- Pork that is certified organic and certified Berkshire at a 40% premium will comprise up to 10.7% of the shares when in the store with conventional pork.
- Pork that is certified organic and certified Berkshire at a 75% premium will comprise up to 8.9% of the shares when in the store with conventional pork.

<table>
<thead>
<tr>
<th>Share of Choices</th>
<th>Conventional</th>
<th>Combination pork at a 40% premium</th>
<th>Combination pork at a 75% premium</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>89.3%</td>
<td>10.7%</td>
<td>91.1%</td>
</tr>
<tr>
<td></td>
<td>Conventional</td>
<td>Combination pork at a 40% premium</td>
<td>Combination pork at a 75% premium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Certified Berkshire and Organic pork)</td>
<td>(Certified Berkshire and Organic pork)</td>
</tr>
</tbody>
</table>
Simulations of Attribute Combinations

What is estimated potential when certified organic pork is sold at a 75% premium and a combination pork product (raised without antibiotics, growth promotants, and animal by-products) is sold at a 40% premium along with conventional pork?

– Pork that is certified organic at a 75% premium will comprise up to 3.5% of the shares when in the store with pork raised without antibiotics, growth promotants, and animal by-products and conventional pork

– Pork that is raised without antibiotics, growth promotants, and animal by-products at a 40% premium will comprise up to 11.6% of the shares when in the store with certified organic pork and conventional pork

Share of Choices

- Conventional: 84.9%
- Combination pork at a 40% premium (Pork without Antibiotics, Growth Promotants, and Animal By-products): 3.5%
- Certified Organic Pork at a 75% premium: 11.6%
Simulations of Attribute Combinations

What is estimated potential when a combination pork product (raised without growth promotants and animal by-products) is sold along with certified organic pork and conventional pork?

- Pork raised without growth promotants and animal by-products at a 40% premium will comprise up to 8.6% of the shares when in the store with certified organic pork at a 75% premium and conventional pork

### Share of Choices

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional</td>
<td>87.7%</td>
<td></td>
</tr>
<tr>
<td>Combination Pork at a 40% premium (Pork raised without Growth Promotants and Animal By-products)</td>
<td>3.7%</td>
<td></td>
</tr>
<tr>
<td>Certified Organic Pork at a 75% premium</td>
<td>8.6%</td>
<td></td>
</tr>
</tbody>
</table>
In questions at the end of the interview consumers were asked to express their opinions on what they might do in the future. Price was not mentioned.

**Meat Products Would Probably or Definitely Buy in Future**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Pork</th>
<th>Chicken</th>
<th>Beef</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Base</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Base</td>
<td>A</td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>Raised without Animal By-products in the Feed</td>
<td>76</td>
<td>78</td>
<td>73</td>
</tr>
<tr>
<td>Pasture Raised</td>
<td>75</td>
<td>70</td>
<td>80_B</td>
</tr>
<tr>
<td>Raised without Growth Promotants</td>
<td>73</td>
<td>73</td>
<td>70</td>
</tr>
<tr>
<td>Locally Grown</td>
<td>72</td>
<td>74</td>
<td>69</td>
</tr>
<tr>
<td>Raised without Antibiotics</td>
<td>62</td>
<td>62</td>
<td>58</td>
</tr>
<tr>
<td>Certified Organic</td>
<td>60</td>
<td>62</td>
<td>58</td>
</tr>
<tr>
<td>Sold in a Farmer’s Market</td>
<td>41</td>
<td>43</td>
<td>41</td>
</tr>
<tr>
<td>Special Breed</td>
<td>26</td>
<td>27</td>
<td>35_{AB}</td>
</tr>
</tbody>
</table>

A-C = Significantly higher than lettered column at 90% level of confidence