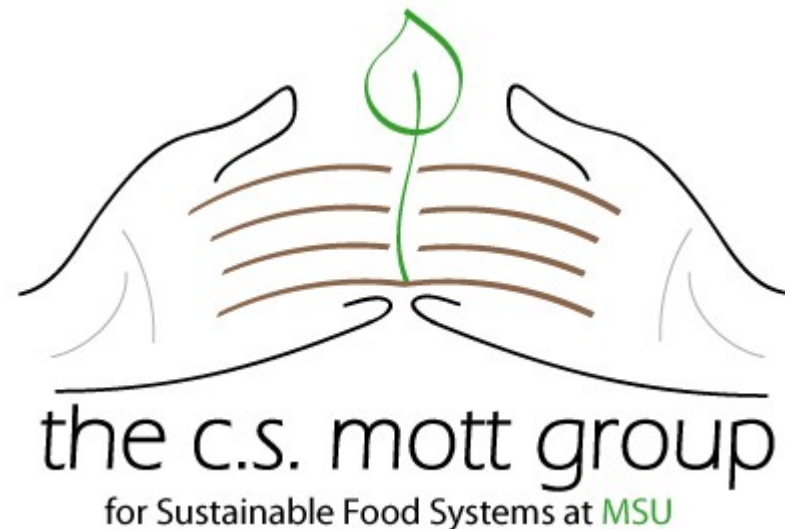


Marketing Strategies for Pasture-Based Animal Products

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Overview

- Introduction: Commodity versus Niche Markets
- “Food with a Story”
- MI farmers’ stories
- What Do Consumers Want?
 - Results from other states
 - Results from Michigan
- Implications
- Conclusions

Introduction

Two basic markets: Commodity versus Niche

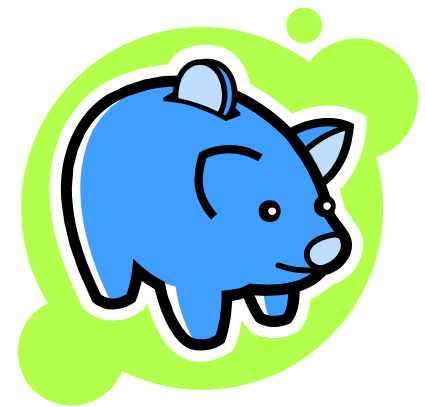
Market	Commodity	Niche
Comparison		
Pricing	"Price-taker"	"Price-maker"
Competitive Strategy	Low Cost Producer	Product Differentiation

Introduction

Bottom Line:

If you want the higher price, you've got to offer something *special* or *different*!

And... you've got to be able to tell your consumers *why* your product is special



“Food with a Story”

SYSCO CEO Rick Schneiders says his company's marketing strategy is based on:

- Memory
- Romance
- Trust

“Romance is the *story* behind the food's production.”

Again...it's not just producing good food – it's about *telling its story!*

Michigan Farmers' Stories

What *stories* are Michigan pasture-based farmers telling about themselves, their farms and their products?

How do they describe themselves to consumers?

Interviews with 24 farmers from 16 farms throughout Michigan (south, west, north, UP)

Conducted fall 2004 and spring 2005

Six of these farms raise and sell hogs

Michigan Farmers' Stories

Common Themes:

- ✓ **Animal Welfare** (11/16): humane treatment, decreasing stress
- ✓ **Ecological Stewardship** (9/16)
- ✓ **Natural Products** (11/16): no hormones, antibiotics, additives; "we eat it too"
- ✓ **Family Farm Ethic** (13/16): quality of life, affordable price, good relations with neighbors

Michigan Farmers' Stories

3/4 of these themes concern HOW the product was raised (the process) as opposed to WHO raised it

But...



Are these the right selling points?

What do consumers want?

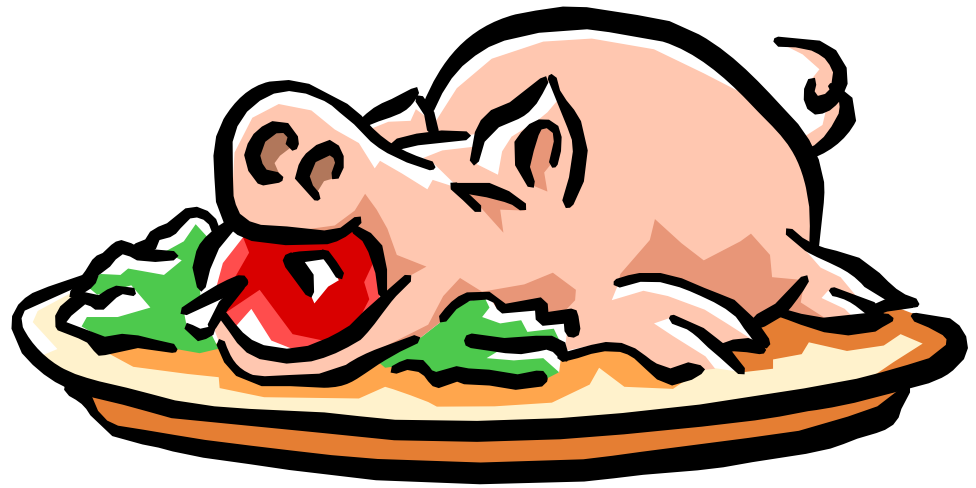
What will they pay for?

What do Consumers Want?

Results from other states...

Consumers have expressed willingness to pay a premium for pork products with the following attributes:

- “Pasture-raised” (AR)
- “Environmentally Sustainable” (IA)
- “Natural” (CO)



What do Consumers Want?

Results from other states...

Internet survey by Kerr Center (OK)

Respondents from 4 states: NE, MO, WI, IA

- Almost half say they would pay 10% more for *locally grown* meat and chicken
- Large numbers also willing to pay more for *pastured poultry*

Caveat: what they *say* they'll pay may not equal what they'll *really* pay!

What do Consumers Want?

Results from Michigan

Data Source: The State of the State Survey, administered by Michigan State University's Institute for Public Policy and Social Research



Representative sample of Michigan residents (N=988)

Objective: Identify consumer demand for and attitudes about animal product attributes



What do Consumers Want?

Survey Results from Michigan

Questions included:

Importance of the following attributes:

- ✓ Humane Animal Treatment
- ✓ Antibiotic and Hormone Free
- ✓ Raised in Environmentally Friendly Way
- ✓ Raised in Michigan
- ✓ Raised on Family Farm
- ✓ Knowing Farmer

Survey Results from Michigan

Other questions:

- ❑ Frequency of Purchase of Pasture Raised (PR) products
- ❑ Reasons for never buying or not buying more PR
- ❑ Belief that PR products are healthier for consumer
- ❑ Demographics: age, income, race, gender, marital, politics, education, urban

Survey Results from Michigan

What attributes are important to purchase decisions: measured on five point scale.

1=very important

2=somewhat

3=neither

4=not very important

5=not important

Survey Results from Michigan

Attribute	Very Important (%)	Somewhat Important (%)
Humanely Raised	62.7	28.8
No antibiotics or hormones:	63.2	24.1
Environmentally Friendly	64.6	28.2
MI raised	23.1	29.2
Family Farm	29.2	33.2
Knowing Farmer	16.8	17.3

Other Findings...

Frequency of Purchase PR products

Always or most times: 38.7%

Some of time: 35.1%

Rarely + Never: 26.2%

Also , 86 cases of "do not know"

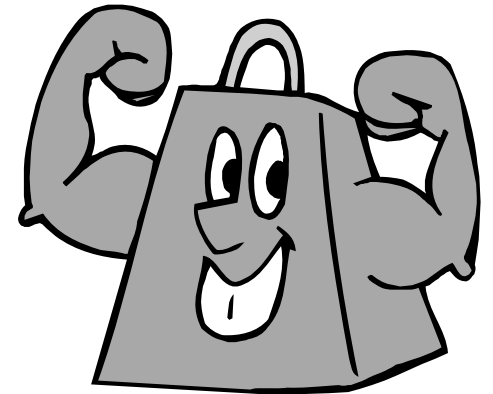
People think they are buying PR products...but are they?

Other Findings...

Agree that PR products are healthier for consumers than confinement-based

Strongly Agree: 41.0%

Somewhat Agree: 40.4%



Survey Results from Michigan

Summary of Findings:

How products are raised is more important
then *Who* raises them

People *think* they are buying PR products

Healthy perceptions



Implications: what does it all mean?

MI consumers care more about “how” than “who”

- ✓ Humane
- ✓ Healthy or Natural
- ✓ Environment

Pasture-Raised Products have these attributes

MI Pasture-based Farmers include these attributes in their stories

Lots of potential for education and communication

Caveat: This is a mass, random sample; knowing *your* particular consumers and their preferences is vital

Conclusions

“Niche” implies product differentiation: need to produce high quality goods *and* tell the story

How products were raised may be an important part of your story

Caveat: make sure you make truthful claims: focus on how it was produced (process) rather than outcomes (product). Health claims may get you in trouble.

Get in touch with me if you have any questions, comments, etc. I want to learn more and help if I can!

Thank You!

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