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# Marketing Strategies for Organic and Natural Meat Producers

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## Introduction

In-person consumer surveys concerning meat consumption preferences and willingness to pay for specialty meat products were carried out in the fall of 2007 (Wang, Curtis, and Moeltner, 2011). The survey included questions regarding consumers' preferences for meat characteristics, such as leanness, marbling, price, etc. Additionally, respondents were asked about various socioeconomic variables, such as race, gender, family size, education level, income, and marital status. To measure the effects of information on consumer willingness to pay for specialty meat products, survey respondents were given new information about the specialty meat production practices and asked to select one of three different meat products, based on price and production methods such as conventional, natural grass-fed, and organic.

The study results provided here can assist producers and retailers in devising targeted marketing efforts to those consumers that value specialty meat products. Additionally, consumer response to information regarding organic and natural grass-fed production practices can assist in language choice and appropriate targeted promotion strategies.

**Conventional production** consists of pasture feeding of cattle 12 to 18 months, followed by a grain diet for the last 120-200 days. This production type implies the usage of fertilizers for pasture and grain, chemical herbicides and parasite control, as well as growth promotants and subtherapeutic antibiotics.

**Natural production** involves the raising of cattle without growth promotants, without antibiotics and without animal by-products in the cattle's food source. Natural meat is regulated by USDA Food Safety & Inspection Service.

**Organic production** is certified organic if the livestock is not given antibiotics or growth hormones and is fed 100% with certified organic feed, but the animals may be provided certain vitamin and mineral supplements. Organic meat must also be produced without the use of conventional pesticides, fertilizers made with synthetic ingredients or sewage sludge, bioengineering or ionizing radiation.

## Consumer Preferences for Meat Attributes

The participants were asked to rate various meat attributes on a scale from one to five (1 = not important to 5 = extremely important). Table 1 shows the different meat attributes ranked in order of importance to the respondents.

The highest rated attributes were freshness, taste and flavor, and food safety, with average scores around 4.28. It was interesting to see that organic and natural meat both ranked in the lower half of the table. Organic had the lowest rating of all attributes, with an average score of 2.65. In fact, 32.31% of the respondents stated that organic was not important, and only 14.51% of respondents agreed that this attribute was extremely important. It appears that consumers were more concerned with the inherent qualities of the meat rather than how the meat was produced.

Four factors were obtained through factor analysis performed on 18 meat attributes which the respondents rated in terms of importance in their meat purchasing decisions. The first factor, "credence," was related to natural production, environmentally friendly production, organic production, certified humane production, livestock feed type, and the geographical origin of the meat. The experience factor included attributes such as taste and flavor, freshness, tenderness, safety assurances, and leanness. The third factor, "appearance," included attributes such as the marbling of meat, muscle texture, brand name, and cut type. The last factor, "marketing," contained two cost attributes and meat packaging.

Results show that the "credence" factor, which includes production methods, had a significant effect on the willingness to pay a premium for differentiated steak and ground beef products. Appearance also had a significant effect on the willingness to pay a premium for all meat types. However, in this study the experience factor, which includes attributes such as taste and flavor, freshness, tenderness, etc., was only significant when it came to the willingness to pay for differentiated ground beef.

**Table 1: Respondent Meat Attribute Rankings.**

| Attributes | Average Score |
|---|---|
| Freshness | 4.29 |
| Taste and Flavor | 4.28 |
| Food Safety | 4.27 |
| Tenderness | 3.95 |
| Price | 3.83 |
| Leanness | 3.70 |
| Packaging Material and Size | 3.43 |
| Humane Treatment of Animals | 3.41 |
| Cut Type | 3.37 |
| Environmentally Friendly Production | 3.27 |
| Natural Production | 3.18 |
| Muscle Texture | 3.15 |
| Marbling | 3.08 |
| Feed Type (Grain or Grass) | 3.01 |
| Origin of Product | 2.84 |
| Sales or Promotions | 2.84 |
| Brand Name | 2.71 |
| Organic | 2.65 |

### *Consumer Choice and Information Effects*

In an effort to analyze the impact of new information on consumer preferences as their knowledge of different livestock production methods and meat attributes changed, the survey section on consumer willingness to pay for specialty meat products consisted of four parts. In the first part, no production information was given to consumers. They made a choice based on their own preferences and knowledge about organic and naturally produced meat. In the second part, consumers were provided information about the differences in animal feed for conventional, natural, and organic meat production. In the third part,

descriptions focused on whether the production method involved using chemical pesticides or antibiotics. In the last part, the differences among certification for organic and naturally produced meat products were emphasized.

The information effect had a significant influence on consumers' choices regarding meat production techniques. The meat types included prime rib, tri-tip steak, ground beef, and pork chops. Table 2 shows the consumer choice frequencies for the different production types across meat types. Conventionally produced meat had the highest choice percentage in the first round with 42.56% of the total. However, with the additional information provided in subsequent rounds, the percentage of respondents who chose traditional meat continued to decline. Conversely, the interest in organic and natural meat increased as the survey continued, especially for natural meat. In the final section, with the exception of tri-tip steak, natural meat became the largest purchase choice for respondents, comprising 38.14% of the total. Organic meat purchasing did not change much during the first three sections, but increased by almost 2% in the last section.

**Table 2: Consumer Choice by Production Method.**

| | **Production Method** | | |
|---|---|---|---|
| | **Conventional** | **Natural** | **Organic** |
| 1st Section | 42.57% | 35.67% | 21.75% |
| 2nd Section | 40.23% | 38.32% | 21.45% |
| 3rd Section | 37.83% | 39.43% | 22.74% |
| 4th Section | 37.17% | 38.14% | 24.69% |

***Socioeconomic Variables***

Different socioeconomic variables, as well as consumer preferences have a significant influence on the choice decision. For prime rib, males were less likely to choose the natural or organic product. The more the respondents trusted environmental product certifications, the greater the chance that respondents would chose the natural and organic prime rib. However, the more a respondent cared about the taste, leanness, tenderness and fresh attributes of meat, the less likely they were to consume the natural and organic prime rib. Respondents with higher education and income levels were more likely to choose natural prime rib, as well as those who were married. Smaller families were more willing to choose organic prime rib, a more expensive option, which may be explained by the budget constraints for larger families.

For ground beef, increased production information did not have any effect on organic and natural production selection. If the respondent had only a middle school or high school education, he/she was less likely to buy organic or natural produced ground beef. Respondents' meat preferences affected the final choice in the same way they did for prime rib: the more respondents trust the environmental production and certifications, the more likely they were to choose natural and organic ground beef. Income and employment status did not have any effect on respondents' choices for ground beef.

For tri-tip steak, males were again less likely to purchase organic and naturally produced meat. If the family had a child that was under 18 years old, they preferred to purchase traditional tri-tip steak. Participants who had a household income ranging from $30,001 to $75,000 were more likely to buy organic and naturally produced steak.

The last meat type was pork chops. Compared to Caucasian families, it was more common in Hispanic families to consume pork chops. None of the socioeconomic variables were significant for the choice of organic pork chops. However, respondents who had completed middle school or high school were more likely to purchase naturally produced pork chops. Additionally, the participants' environmental concerns regarding the production method was also significant when participants chose natural or traditional produced pork chops. The more pork chops respondents bought, the more likely they were to buy the natural product.

## Conclusions

This research shows that if producers are interested in producing organic or natural grass-fed meat, they should provide their customers with information concerning production methods in order to raise interest and sales. Mailing lists, e-mail newsletters

or social media provide good avenues to distribute this information.

Additionally, organic and natural production methods seem to be more important for consumers of higher cost products, such as steak, and less important for common low cost products, such as ground beef. Smaller families with above average income levels are a target market for specialty meat products. Hence, targeting outlets that cater to this demographic such as natural food/specialty stores, or restaurants may provide producers with higher premiums for their products. (Grannis, Hooker and Thilmany, 2000). Finally, providing farm- based food safety and environmental steward ship policies or certification information to consumers will also provide a higher incentive for target consumers to purchase specialty products and pay higher premiums for these products.

## References

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