



Different shades of grey: Compromise products to encourage animal friendly consumption



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ABSTRACT

Contemporary production and consumption are often characterised by negative externalities, for example regarding animal welfare. Despite consumer concerns about animal welfare standards in livestock production systems, the market share of organic meat is still low. The current paper investigates to what extent a more differentiated product assortment including “compromise alternatives”, providing consumers with more options to trade-off animal welfare against other attributes, increases the choice share of meat produced at beyond-regulatory standards for animal welfare. Results from a choice experiment in The Netherlands reveal considerable heterogeneity in consumer preferences regarding the trade-off between animal welfare level and price level. Two out of six segments, typically consumers with a lower education level and shoppers at discount supermarkets, are not or hardly prepared to pay a price premium for welfare enhanced meat. Two other segments show a preference for small increases in animal welfare level and associated costs. The remaining two other segments seem to reflect “protestors” against mainstream meat production in that they hold negative attitudes, beliefs and feelings regarding the consumption of conventionally-produced meat, either by turning to meat produced at high animal welfare standards (including meat replacement products) or by reducing meat consumption. It is concluded that an assortment that better caters for this heterogeneity in consumer preference by including “compromise meat products” is of the benefit to both the individual consumer (preferences), the animal (animal welfare levels) and the meat sector (clientele).

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1. Introduction

The sustainability of food production systems and consumption, as well as the role of ethical labels, such as organic, fair trade and animal welfare, receives a lot of attention in both the public domain and in research (Fulponi, 2006; Ingenbleek & Immink, 2010). Ethical product attributes are often available in ‘black or white’ in the sense that a product is either organic or not, or fair trade or not (Langen, 2011; Van Loo, Caputo, Nayga, Meullenet, & Rieke, 2011). This also holds for animal welfare which either is catered for at a high level (at high cost), as in organic meat production¹, or more subordinate to price level as in the case of

conventional meat production. As a result, consumers are confronted with quite differentiated offers regarding animal welfare levels (e.g., broilers in mainstream farming are housed with 21 birds per m², compared to 10 birds per m² for organic broilers), as well as price (e.g., organic broiler meat is more than three times as expensive as mainstream broiler meat) (Stichting Varkens in Nood, 2009).

Despite expressed consumer concern with animal welfare standards in livestock production systems, the reality is that conventionally produced meat dominates the market (Vanhonacker, Verbeke, Van Poucke, Buijs, & Tuytens, 2009). For example, in the Netherlands the market share of mainstream broiler meat amounted to 90.9% in 2013 (Ministry of Economic Affairs, 2014). This could be an indication that there is a discrepancy between attitudes (concern about animal welfare) and behaviour (buying mainstream meat), where many consumers continually buy meat products that do not completely meet their needs and preferences, but that represent the best possible choice given the available choice options.

A minimal level of “general” animal welfare is defined in legislation, and above-regulatory initiatives are increasingly left to the market (Ingenbleek, Immink, Spoolder, Bokma, & Keeling, 2012).

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¹ Notwithstanding that organic farming comprises more than animal welfare alone, animal welfare considerations are core to the production philosophy (Fraser, 2006; Vaerst & Alrøe, 2012), and an important motivation for buying organic meat (Aertsens, Verbeke, Mondelaers, & Van Huylenbroeck, 2009). In the graded star-based certification system called “Better Life Hallmark”, which is issued by the Dutch Society for the Protection of Animals, organic meat products are considered to meet the highest level of animal welfare standards that are distinguished.

Making new value propositions available in the market place that go beyond the dichotomy between mainstream and high-level animal welfare standards, might be a promising way to encourage consumption of welfare enhanced meat products. As compromise options reconcile positive (i.e., high animal welfare/low price) and negative characteristics of meat (i.e., high price/low animal welfare) they tend to be more attractive for consumers than the extreme options (Müller, Kroll, & Vogt, 2012; Simonson, 1999; Simonson & Tversky, 1992), particularly for consumers that currently buy mainstream products (Stolz, Stolze, Janssen, & Hamm, 2011). Since a differentiated assortment creates more possible trade-offs between attributes, heterogeneous consumer demand regarding the trade-off between animal welfare and price is better accounted for.

The present study investigates to what extent a differentiated assortment consisting of alternatives produced at different levels of animal welfare/price trade-offs increases the choice share of meat products produced at beyond regulatory standards for animal welfare (and decreases the choice share of mainstream meat products). Through segmenting the consumer market, the study further identifies consumer heterogeneity in terms of the trade-offs made between the animal welfare and price attributes. The consumer segments are subsequently described in terms of their morality structure and beliefs about consuming mainstream meat and animal welfare in livestock production. Based on the choice shares of each of the product concepts, projected market shares are calculated for assortments with and without compromise products as well as consumer willingness to pay for meat and meat replacement products. Our findings show that the consumer market for animal derived products is heterogeneous in terms of product preferences, moral choice motivations, and related willingness to pay. It is concluded that differentiated assortments can result in a win-win situation for the consumer (need satisfaction), animals (animal welfare), and possibly also the industry (revenue).

2. Theoretical background

2.1. Consumer decision making under product differentiation

Research on the compromise effect has shown that product alternatives positioned in an individual's perceptual product space between nondominating extreme alternatives are more preferred than extreme alternatives (Müller, Vogt, & Kroll, 2012; Simonson, 1989). A compromise choice is said to reduce “the conflict associated with giving up one attribute for another, and can be justified by arguing that it combines both attributes” (Simonson, 1989, p. 171). Simonson and Tversky (1992) showed that, in most cases, introducing a product alternative with an intermediate price-quality level to a set with a low quality-low price alternative and a high quality-high price alternative, particularly resulted in a lower choice share of the low quality-low price alternative. Investigating the potential of “conventional-plus” food products across different product categories, Stolz et al. (2011) indeed found that consumers who normally buy conventional products shifted more to “conventional-plus” products (i.e. the compromise alternative) than consumers who normally buy organic products. Conventional-plus products were priced between conventional and organic alternatives and performed better than conventional products on an attribute related to the production method.

It has been suggested (Simonson, 1999) that the compromise effect might particularly occur when the trade-off between attributes (e.g. price and animal welfare level) is characterised by diminishing marginal value. There is empirical evidence suggesting that initial improvements to animal welfare standards relative to mainstream production systems are perceived by consumers to

substantially improve the animal friendliness of the production system, whereas further increases of animal welfare standards only marginally increase the perceived animal friendliness of the production system (de Jonge & van Trijp, 2014).

Quality tends to become more salient and important in consumer decision making when there is more differentiation on the quality attribute (Bertini, Wathieu, & Iyengar, 2012). The availability of a large range of alternatives signals to consumers that other consumers care to discriminate between options and that differences in quality matter, which causes them to be more sensitive to quality themselves (Bertini et al., 2012). Introducing intermediate options between mainstream and organic meat might therefore be expected to increase the importance of quality (i.e. the level of animal welfare standards) and result in a shift toward welfare enhanced meat products.

However, preference shifts might be unequal across different consumer groups. Müller, Vogt, et al. (2012) found that more price sensitive consumers displayed lower levels of preference shifts when compromise products became available, compared to consumers who were more quality-conscious. Thus, the introduction of product alternatives with intermediate performance of the price and animal welfare attributes relative to mainstream and organic meat might be less successful to attract market share within the consumer segment of price-buyers.

2.2. Underlying purchase motivations in the context of welfare enhanced meat

In terms of the trade-off between different product attributes, consumers differ considerably regarding their consumption goals, desired benefits, and more abstract value structures (Auger, Devinney, Louviere, & Burke, 2010; de Boer, Hoogland, & Boersema, 2007). A considerable segment of consumers does not seem to value beyond-regulatory animal welfare levels and simply prefers the cheapest meat available, thereby accepting mainstream production systems (Nocella, Boecker, Hubbard, & Scarpa, 2012; Vander Naald & Cameron, 2011). On the other side of the spectrum, there is a much smaller consumer segment that is motivated to pay more for welfare enhanced meat, such as organic meat (Stolz et al., 2011; Van Loo et al., 2011). Although motivations to buy organic meat might not be restricted to animal welfare concerns alone, but also include public health and environmental concerns (Baker, Thompson, Engelken, & Huntley, 2004; Van Loo et al., 2010; Zander & Hamm, 2010), consumer willingness to pay a price premium for meat seems to be more strongly driven by animal welfare considerations than organic production *per se* (Nocella et al., 2012; Pouta, Heikkilä, Forsman-Hugg, Isoniemi, & Makela, 2010).

As Rozin, Markwith, and Stoess (1997) argue, the consumption of meat is increasingly moving from a preference-based choice (e.g. liking and taste) to a value-based choice involving morality. Moral questions about right and wrong and how one ought to behave, are an important driver of consumers' animal welfare considerations (Makiniemi, Pirttilä-Backman, & Pieri, 2011; Rozin et al., 1997). Of the morality dimensions identified by Graham et al. (2011), harm, fairness, and purity seem particularly applicable to the context of animal welfare. Perceived harm relates to the degree to which a person's actions cause suffering in others and whether weak or vulnerable persons are cared for (Graham et al., 2011). In the context of animal welfare, the harm dimension relates to the moral obligation of society to treat farm animals well (Frewer, Kole, van de Kroon, & de Lauwere, 2005). Perceived fairness relates to the importance that people attach to equal treatment of others. This dimension is related to people's social dominance orientation (Pratto, Sidanius, Stallworth, & Malle, 1994), which indicates how important equality is to people and

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