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

<table>
<thead>
<tr>
<th>Market Comparison</th>
<th>Commodity</th>
<th>Niche</th>
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<tbody>
<tr>
<td>Pricing</td>
<td>&quot;Price-taker&quot;</td>
<td>&quot;Price-maker&quot;</td>
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<td>Competitive Strategy</td>
<td>Low Cost</td>
<td>Product</td>
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<td></td>
<td>Producer</td>
<td>Differentiation</td>
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"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
Broad array of products and species

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
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

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 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

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

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Very Important (%)</th>
<th>Somewhat Important (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Humanely Raised</td>
<td>62.7</td>
<td>28.8</td>
</tr>
<tr>
<td>No antibiotics or hormones</td>
<td>63.2</td>
<td>24.1</td>
</tr>
<tr>
<td>Environmentally Friendly</td>
<td>64.6</td>
<td>28.2</td>
</tr>
<tr>
<td>MI raised</td>
<td>23.1</td>
<td>29.2</td>
</tr>
<tr>
<td>Family Farm</td>
<td>29.2</td>
<td>33.2</td>
</tr>
<tr>
<td>Knowing Farmer</td>
<td>16.8</td>
<td>17.3</td>
</tr>
</tbody>
</table>

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 than 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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