

**Adding more value to added-value.  
An exploration of consumers' perceptions of improved animal welfare  
standards in organic production processes**

**Abstract** Recent studies reveal that consumers respond favourably to “organic plus” products with additional ethical attributes. The aim of the current study is to explore whether consumers would notice and value further improvements in the animal welfare standards than those imposed by the organic regulation. The results of a qualitative concept test reveal positive attitudes towards the proposed production process. The discussions about fewer standards being sufficient or about options “in-between” conventional and organic standards indicate that the difference in production processes is noticed, yet it is probably valued less than expected. The added attributes need to be thoroughly considered when developing and marketing “organic plus” products, as their effect on other product characteristics (e.g. high prices) can detract from their added value.

*Keywords:* added value, consumer perception, new product development, organic, animal welfare, concept testing, focus groups

*Track:* Innovation and New Product and Service Development

## 1. Introduction

New product development is imperative to match changes in consumers' needs or wants (Grunert, Verbeke, Kügler, Saeed & Scholderer, 2011). The long-term competitiveness of a product depends on consumers perceiving a certain value of the product, which can come from a multitude of different characteristics or attributes (Lagerkvist, Carlsson & Viske, 2006). From a marketing perspective, a product can be defined as a bundle of characteristics of benefit to the consumer, which can be classified into three levels: the core value of the product, the actual product and the augmented product (Pickton & Masterson, 2010). The core value is the essential benefit the product provides to the consumer, given its main characteristics (e.g., a food product feeds the consumer). The actual product determines the way in which the core value is provided. The augmented product adds value to the core product, usually exceeding customer expectations (Kotler & Keller, 2012). Product differentiation often arises on the basis of product augmentation. Product differentiation, especially in the augmented level of a product, has been used extensively as a tool to capture consumers' interest.

When conventional food products are becoming more diversified, some of them by incorporating sustainable product characteristics, organic food products receive a "push" to become more diversified as well. It has been suggested that a further development of the organic food market, and increased consumer loyalty, could be achieved by adding "extra ethical" attributes to organic products and thereby enhancing their value to (some) consumers (Jensen, Denver & Zanolli, 2011; Zander, Stolz & Hamm, 2013). Ethical considerations are often linked to positive attitudes towards organic products (Honkanen, Verplanken & Olsen, 2006) and positive ethical characteristics are often the reason why consumers buy organic foods (Ritson & Oughton, 2007). Despite the fact that they are credence characteristics and consumers cannot ascertain them before or after consumption, ethical product characteristics play an important role in consumers' overall product quality evaluations (Oude Ophuis & Van Trijp, 1995).

A few studies have found that consumers respond favourably to the proposition of "organic plus" products with additional benefits, most often oriented towards ethical and sustainability-driven attributes (Howard & Allen, 2006). As the organic market matures, it becomes imperative for organic producers to be able to satisfy consumers' demand for more than the mere "organic quality" (Schleenbecker & Hamm, 2013).

Consumers' concern about the way food products are produced has been increasing over recent decades, leading to an increased interest in organic production, animal welfare and "natural" production methods (Grunert, Bredahl & Brunsø, 2004). It seems to be a widespread sentiment among European consumers that there is a need for further improvements in the welfare of farmed animals (European Commission, 2007). Recent studies found that consumers prefer higher animal welfare standards as an added value to organic products, compared to other ethical attributes (Zander, Stolz & Hamm, 2013).

In this study, we explore whether consumers in Denmark, the most mature organic market in the World (Thøgersen 2010; Willer & Kilcher, 2012), perceive an additional value of "organic plus" products: organic meat products from production systems with improved animal welfare standards (compared to standard organic regulations). Consumers generally have positive attitudes towards organic food products (Thøgersen, 2009) and they have higher expectations regarding organic products compared to conventional products (Scholderer, Nielsen, Bredahl, Claudi-Magnussen, & Lindahl, 2004). The European regulation for organic production imposes animal welfare standards that are higher than conventional standards (European Council of Agricultural Ministers, 2007). Hence, the question is if consumers will

notice, and value, further improvements in the animal welfare standards than those imposed by the organic regulation?

A preliminary answer to this question is provided by means of a qualitative concept test, which makes it possible to gain an in-depth understanding of consumers' perceptions without imposing others' values or evaluation criteria on them (as one would have done in a quantitative study). Unless consumers notice the difference between the new production system and the standard organic system, it is unlikely that they will perceive any added value and therefore the change in the production system will neither have an effect on consumers' perceptions nor on their behaviour.

## **2. Methodology**

### *2.1. Qualitative concept testing*

During a concept test consumers are presented with the new product concept and their reaction to the concept is measured (Tauber, 1981). A new product concept is "a verbal and/or pictorial description of a new product, including its main features and main customer benefits, which provides enough detail for a potential customer to form an opinion about the attractiveness of the product offering" (Peng & Finn, 2008). Getting insight into whether or not a product or a concept is attractive to prospective consumers is one of the main focuses of qualitative concept tests (van Kleef, van Trijp & Luning, 2005). The benefit of conducting a qualitative concept test is that consumers are allowed to think and talk freely about the proposed concept, which allows researchers to gain insight into how they perceive and relate to the concept (Iuso, 1975). Focus group discussions were adopted as a method of enquiry (Silverman, 2005), with the consideration that interaction among participants can generate insights that might not be generated in one-to-one interviews. The method presents a more natural environment than that of an individual interview, because participants influence and are influenced by others "just as they are in life" (Krueger & Casey, 2000).

### *2.2. Procedure*

Three focus groups (N=5, 6, 7) were organized in a large city in Denmark in May 2013. The focus groups were conducted in a meeting room at the university campus. The participants were asked to sign a consent form for their participation and full confidentiality of their personal information was granted. A protocol with pre-defined topics and questions was used, in order to ensure a certain structure, without disturbing the natural flow of the discussions. The protocol was written in English and translated into Danish. The focus groups were conducted in Danish. One interviewer and two assistants were present during the focus groups. The discussions lasted between 80 and 90 minutes each. The discussions were audio- and video- recorded. The interviews were fully transcribed in Danish and translated to English afterwards. Coding and analysis of the transcripts was conducted with NVivo 10.

### *2.3. Sampling*

Purposive sampling was used for recruiting focus group participants: the participants were selected based on their expected contributions and on the research aim (Miles & Huberman, 1994). The participants were screened for their organic food purchase rate, which was determined based on a mall-intercept survey that a larger sample of consumers had previously answered. When they answered the survey, the respondents were asked to give their contact information if they would agree to participate in a follow-up focus group

interview. The respondents were assigned to the three groups based on their scores on an index of organic food purchase and an index of organic meat purchase. The three groups were formed as follows: one group consisted of regular organic food (including organic meat) buyers, another group consisted of regular organic food but only occasional organic meat buyers and the last group included occasional organic food and occasional or non-organic meat buyers. The selection was made among those who were willing to participate, in a way that allowed for as much variation as possible within each group and balance regarding gender and age. The participants were contacted via telephone and invited to participate in the focus groups. Of 26 persons recruited, 18 participated in the focus groups.

#### *2.4. Protocol and stimuli*

The focus group discussions started with all participants introducing themselves. Then participants were asked to describe their typical dinner and to discuss the importance of meat in their diet and daily lives. The participants were then presented with pictures of animals in their natural environment and they were asked to report their first impressions of what they had just seen. Then, the interviewer read production stories depicting the living conditions of the animals. The participants were asked again to share their impressions and also their expectations regarding the meat that would be obtained from such animals. The third part of the discussion focused on meat. The participants were presented with illustrations of whole chickens and pork chops, in order to get insight into how consumers respond to the appearance and what expectations consumers derive from these products. In the final part of the discussion, the participants were asked to talk about the importance of animal welfare, as well as their experience with organic meat products in general. The objective of the study was revealed to the participants at the end of the session, when they also received a small compensation for their participation.

### **3. Main results**

The participants in all groups showed positive attitudes towards the new production process and the improved animal welfare conditions, using words such as “idyllic”, “fantastic” and “inviting” as immediate reactions. The difference in production processes is noticed in all groups in terms of product quality. The well-being of the animals was generally considered to have a positive impact on the final quality of the products. Either way, the rearing conditions of the animals were expected to have a direct impact on quality dimensions such as tastiness, healthfulness, colour, tenderness.

The fact that the participants engaged in more general discussions about production systems or consumers’ predilection for products produced in an ethical way was another indicator of the fact that the participants noticed the difference between different production processes. There was a contrast between the different groups. While regular organic buyers were more trusting that the negative trend of production processes could be changed with time, because of more and more people buying ethically produced products, occasional and non-buyers of organic meat were very conscious of their finances. However, even the latter admitted that personal priorities and attitudes were the ones that had a strong influence on what was purchased.

The participants discussed about ethical solutions that were placed in between looser conventional standards and stricter organic standards, as something that would be more appealing to them. For regular organic meat buyers who find animal welfare more important than the organic quality itself, the animal welfare characteristic is something that is valued also in conventional production processes. For non-buyers of organic meat, raising the

minimum standards of conventional production could potentially be valued more, as it would help compromise ethical attitudes and price consciousness.

The regular organic meat consumers seemed to be more accepting of the new production process and the improved animal welfare aspect was more appealing to them than to the other groups. For the other participants, the attitudes towards the production process were also positive, yet it was clear that it was valued less. The discussions lead us to believe that the expected high prices of the final products made the proposition less appealing. The regular buyers also mentioned the high prices, as a potential issue for the broader consumer segments, but also for them to some extent; however these participants revealed their different strategies of coping with high prices, either by reducing the amount of meat they eat or by buying cheaper organic meat cuts.

#### **4. Implications**

The results of this study give a preliminary answer to the question of whether or not consumers perceive more value in added value products, namely in the case of “organic plus” products. According to previous research, such products would be necessary in order to satisfy consumers’ demand for more than the mere “organic quality” (Schleenbecker & Hamm, 2013). While it is likely that consumers would have positive attitudes towards the proposition of improved ethical standards, the resulting new products might be valued less than expected and wanted by producers and marketers. That is not to say that such products would not be appealing at all; it is an indicator that the added or improved product characteristics need to be considered carefully. When the improvement of certain characteristics creates a negative shift in consumers’ perceptions of other product characteristics (e.g. improved animal welfare standards can lead to higher costs which increase product prices), the added value loses from its potential. It has been suggested that a further development of the organic food market could be achieved by adding “extra ethical” attributes to organic products (Zander, Stolz & Hamm, 2013). If organic products with “extra ethical” attributes are appealing mostly or only for heavy organic consumers, who are already purchasing organic products, then no significant development in the organic market can be expected. Further investigation of this topic is needed in order to get a better picture of when and how “extra ethical” attributes would add value to organic products. It is also worth investigating what added product characteristics of organic products would be valued by a broader consumer segment.

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