



Consumer preferences and willingness to pay for value-added chicken products

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Summary

This study provides combined knowledge of consumer product attribute preferences and their willingness to pay (WTP) for value-added chicken products. The information provided can help the Canadian poultry industry design new value-added chicken products and give guidance for pricing strategies.

Problem

- ❖ The expanding poultry market has created new opportunities for Canadian poultry processors to develop consumer oriented value-added products.
- ❖ More consumers are looking for convenient ready to eat value-added chicken products.
- ❖ Identification of the most important product attributes and consumer WTP for those attributes can generate insight into consumer driven product development.
- ❖ Incorporating the “voice of the consumer” is crucial to satisfy Canadians’ changing demands at a price that could enhance chicken processors’ profits and consumer acceptance of future value-added chicken products.

Goals

- ❖ To identify product attributes that affect consumer preferences for value-added chicken products.
- ❖ To determine price premiums consumers would be willing to pay for different combinations of value-added chicken attributes.

Method

301 participants aged 18-70+ who ate chicken at least once a month completed a four sections survey:

- ❖ **Section 1.** Collected participants demographics, meat consumption and purchase habits. Data were analyzed by frequency analysis and combined with section 4 for further analyses.
- ❖ **Section 2.** Participants rated each of 18 different hypothetical chicken products using a scale where 1=Very low preference and 9=Very high preference. A regression model was used to determine which of the attributes composing the hypothetical products were most preferred (Table 1).
- ❖ **Section 3.** Participants were asked which characteristics or attributes they would like in a new value-added chicken product.
- ❖ **Section 4.** Each participant gave a “yes”/”no” response to a defined amount ranging from \$0.50 to \$5.00 for a value-added chicken product. The amount and the chicken product varied across respondents. A regression model was used to determine which variables affect consumers’ WTP for value-added chicken products and determine the highest price consumers are willing to pay for these products.

Results

Table 1. The “ideal” value-added chicken product:

Chicken Part	Production Method	Processing Method	Storage Method	Flavour	Cooking Method
Breasts	Conventional	All natural ingredients	Refrigerated	Added Flavour	Microwave
Legs	Free range	Low calories/salt	Frozen	No added flavour	Oven
Thighs	Organic	No additives	---	---	Pan

Consumers’ needs for a new value-added chicken product (interesting examples)

- ❖ “Natural, oven or pan heated, no additives, not frozen”
- ❖ “Boneless and skinless chicken meat”
- ❖ “No funny shapes”
- ❖ “Ethical farming practices”
- ❖ “Low price organic and free range products”
- ❖ “Grain fed animals”
- ❖ “No hormones, no antibiotics, no GMO fed animals”

Which variables influence consumer willingness to pay for a value-added chicken product? (WTP probability)

- ❖ Consumer eats ready to eat chicken (+17%)
- ❖ Product price is high (-12%)
- ❖ Preference for organic or free range (+9.7%)
- ❖ Not Farmers’ Market shopper (-8.7%)
- ❖ Older age (-5.7%)

How much more will consumers pay for a value-added chicken product over the price of a conventional chicken product?



Impact

Canadians are more conscious about their meat choices. Today, many consumers are no longer looking for traditional poultry products such as chicken nuggets but are turning to healthy but still convenient value-added poultry products. This trend is getting stronger and has an enormous market potential growth in oncoming years.

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