

Egg Industry Issues Forum

Food Marketing Institute

David Fikes

Vice President, Consumer/Community Affairs
& Communications
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THE VOICE OF FOOD RETAIL

Feeding Families  Enriching Lives

Food Marketing Institute

Food Marketing Institute proudly advocates on behalf of the food retail industry. FMI's U.S. members operate nearly 40,000 retail food stores and 25,000 pharmacies, representing a combined annual sales volume of almost \$770 billion. Through programs in public affairs, food safety, research, education and industry relations, FMI offers resources and provides valuable benefits to more than 1,225 food retail and wholesale member companies in the United States and around the world. FMI membership covers the spectrum of diverse venues where food is sold, including single owner grocery stores, large multi-store supermarket chains and mixed retail stores. For more information, visit www.fmi.org and for information regarding the FMI foundation, visit www.fmifoundation.org.

What I Plan to Cover

- Context – some food retail realities
- The role of the retailer in the food chain
- What is on the customer's mind today?
- Increasing importance of “shared values”
- Factors influencing retailer's AW decisions
- California considerations
- FMI's Animal Welfare Advisory Committee

Today's Supermarket

- Consumers visit a food retail outlet 1.7 times each week
 - 54% of that to primary store
- Supermarkets carry over 38,000 items
- Egg sales account for .7% of supermarket sales



Today's Supermarket

- Profit Margin of 1-2%
 - Very competitive
- The “profound truth” of food retail
 - Incredibly imitative
 - Differentiation from competition is key to success



The good, the bad and the ugly of food retailing

- food retailers are the vital link between food producers and consumers



When its good - and information and products are flowing - the link feels like a bridge.

The good, the bad and the ugly of food retailing

- food retailers are the vital link between food producers and consumers



When its bad – and information and products are not flowing freely - being in between feels like a vise.

The good, the bad and the ugly of food retailing

- food retailers are the vital link between food producers and consumers



When things get ugly, some consumer groups think retailers are the key to miraculous action

Esoteric Concerns

Is it....

locally produced?

environmentally sensitive?

organic?



Cost

Can I/we afford this?

Convenience

Will this be easy?

Taste

Will they eat it?
How will I prepare it?

Health & Wellness

Is this good for them?

Esoteric Concerns

Is it....

locally produced?

environmentally sensitive?

organic?

SAF

E?



Cost

Can I/we afford this?

Convenience

e

Will this be easy?

Taste

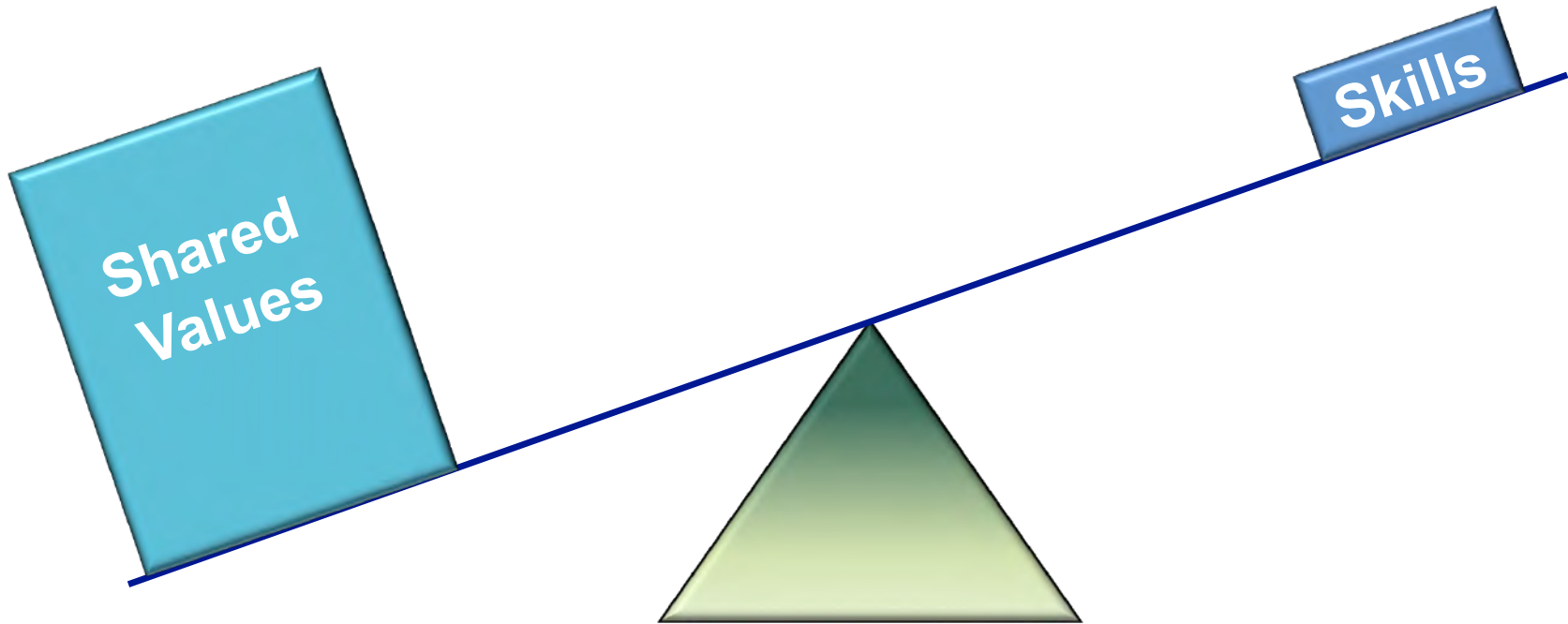
Will they eat it?

How will I prepare it?

Health & Wellness

Is this good for them?

Consumer Trust



Shared values are 3-5X more important in building trust than demonstrating competence

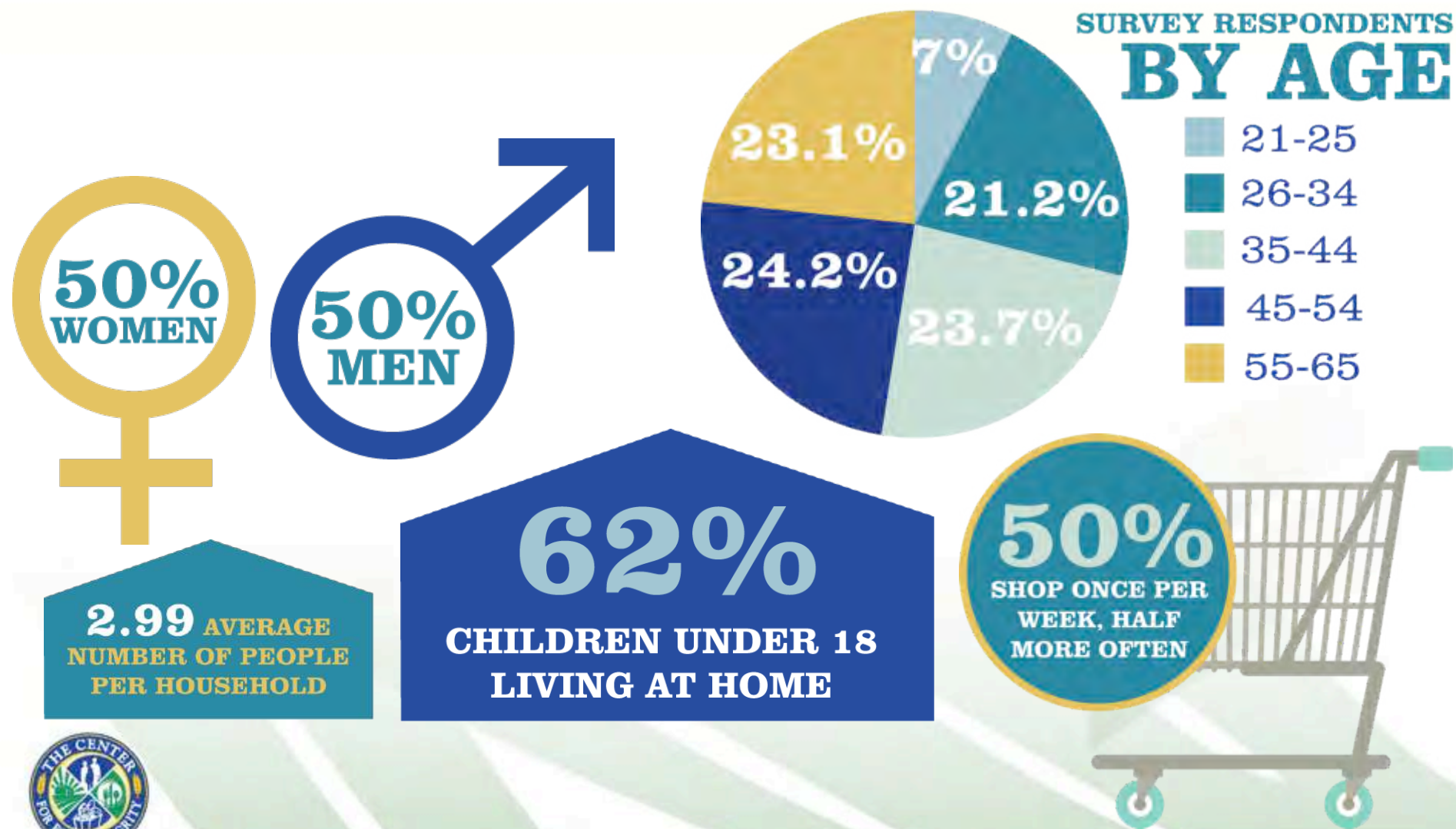
Trust research was published in December, 2009 – *Journal of Rural Sociology*

Center for Food Integrity Research on Consumer Trust

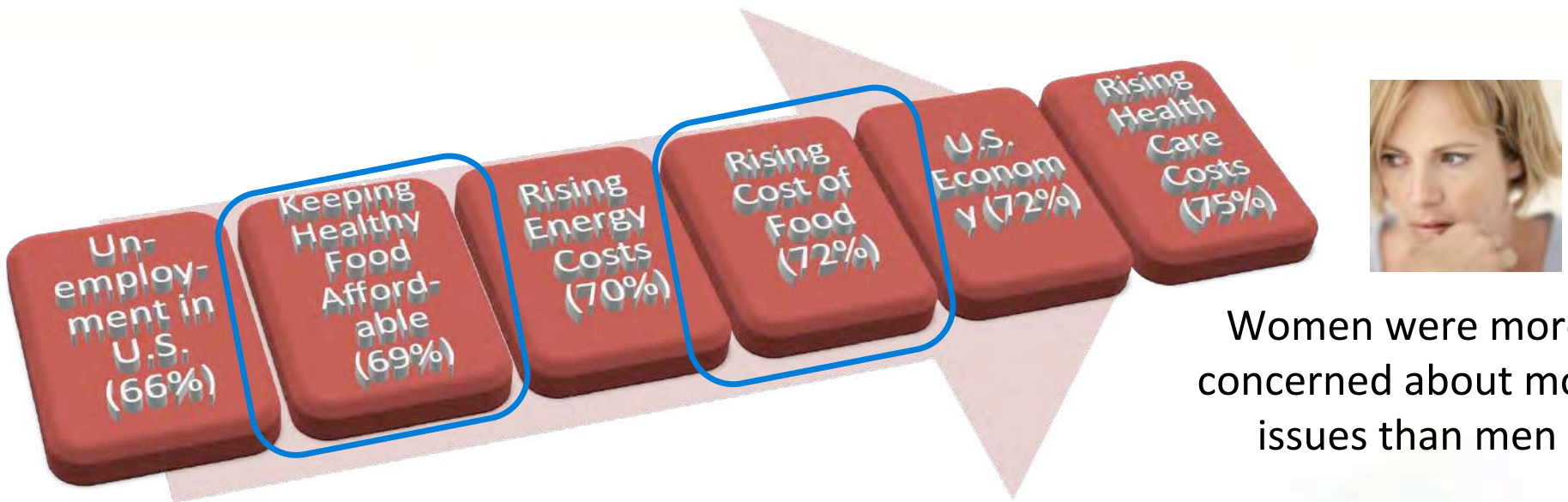
- 2,005 completed surveys in August 2013,
(sampling error at 95% confidence level +/-
2.2%)
 - Reflects general US population for education,
income, political orientation, consumer advocacy,
vegetarianism.

Split sample to accommodate the survey content.

Methodology and Sample Design



All of the Most Concerning Life Issues are Beyond Consumer's Direct Control



Women were more concerned about most issues than men

Additional Food System Concerns*

- Imported Food Safety (63%)
- Food Safety (63%)
- Enough to Feed U.S. (56%)
- Humane Treatment of Farm Animals (51%)
- Environmental Sustainability in Farming (49%)
- Access to Accurate Info to Make Healthy Food Choices (48%)

Early Adopters

Earlier adopters were more concerned about all issues than later adopters

Lowest concern was for having enough food to feed people outside the U.S. (29%)

*Top Box ratings (8-10)




Levels of Concern About the Food System are Growing Faster than Other Concerns

Change in Top Concerns 2012-2013



Rising Health Care Costs (+3%)
Rising Cost of Food (+3%)
Rising Energy Costs (+3%)



U.S. Economy (-2%)
U.S. Unemployment (-4)
Personal Financial
Situation (-2)

Change in Food System Concerns 2012-2013



Safety of Imported Food (+4%)
Food Safety (+5%)
Enough to Feed U.S. (+3%)
Humane Treatment of Farm
Animals (+7%)
Environmental Sustainability in
Farming (+4)



Right Direction/Wrong Track

34%

RIGHT DIRECTION

38%

WRONG TRACK

28%

UNSURE



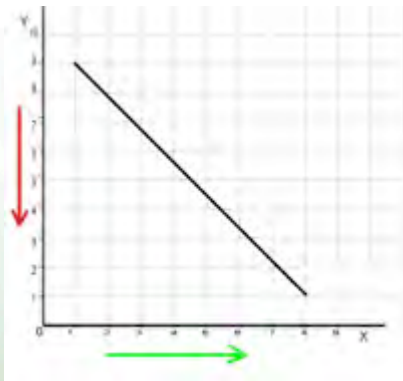
Overcoming the Bias Against Size



Shared Values = Trust



Big is Bad

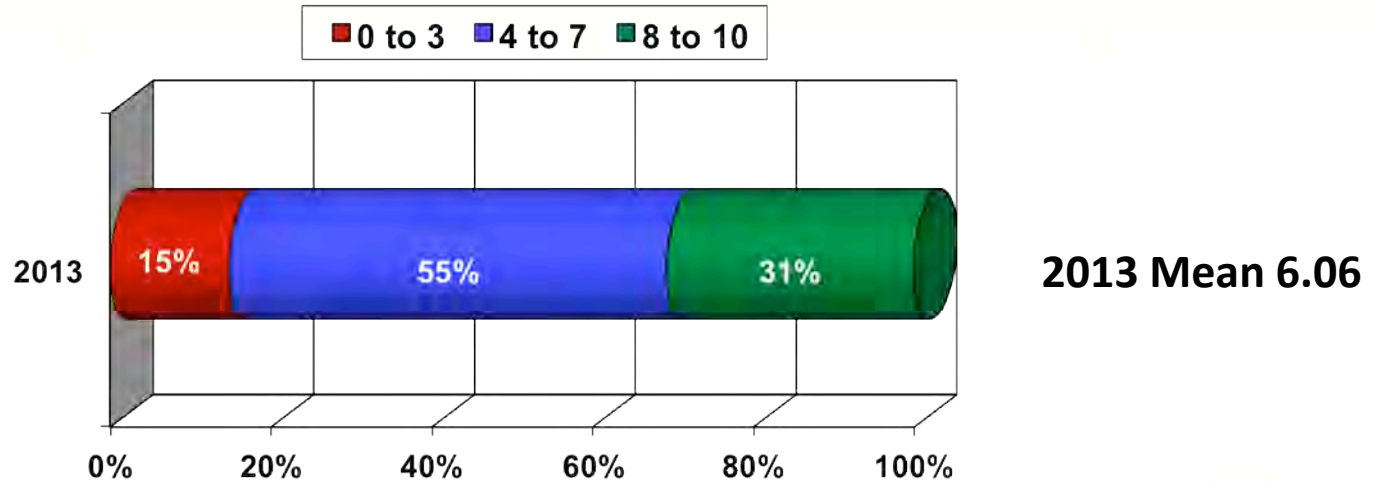


Inverse relationship between size and the perception of shared values

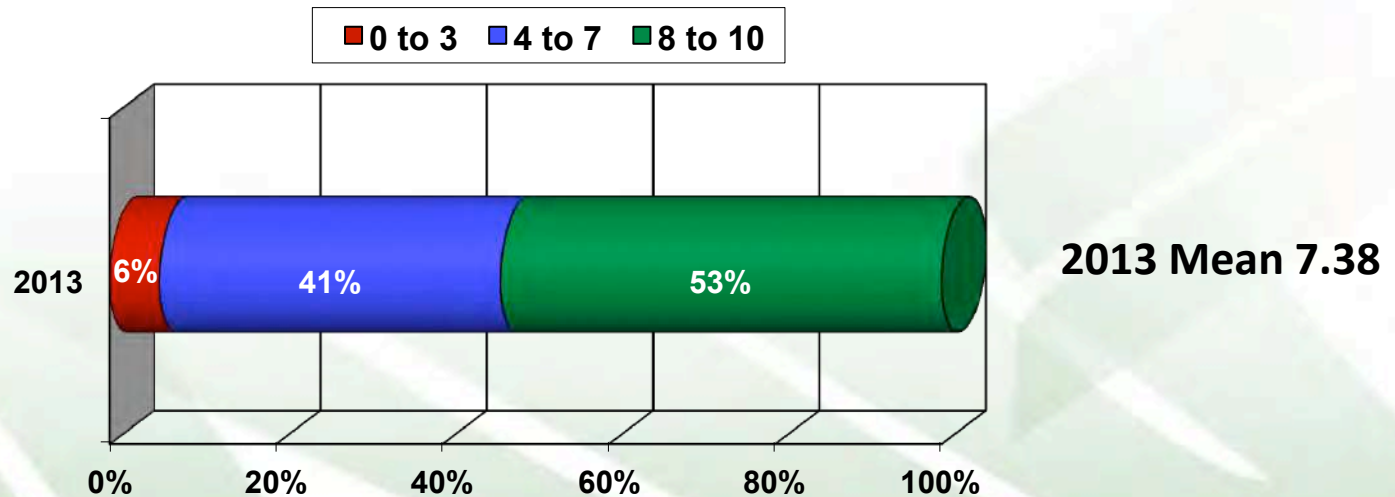


“I believe (size) food companies are likely to put their interests ahead of my interests.”

Small

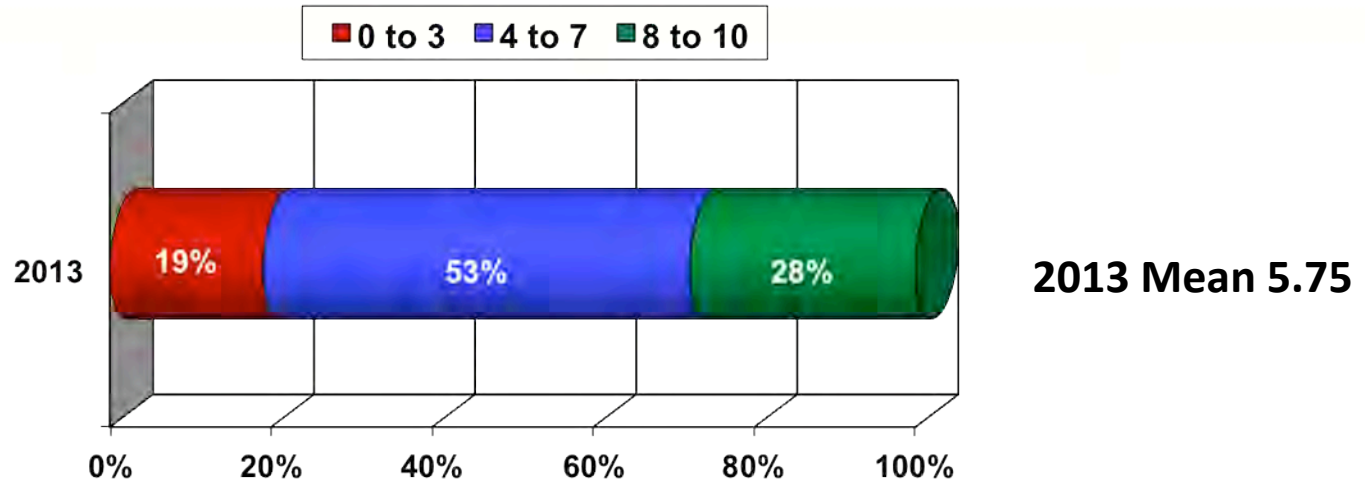


Large

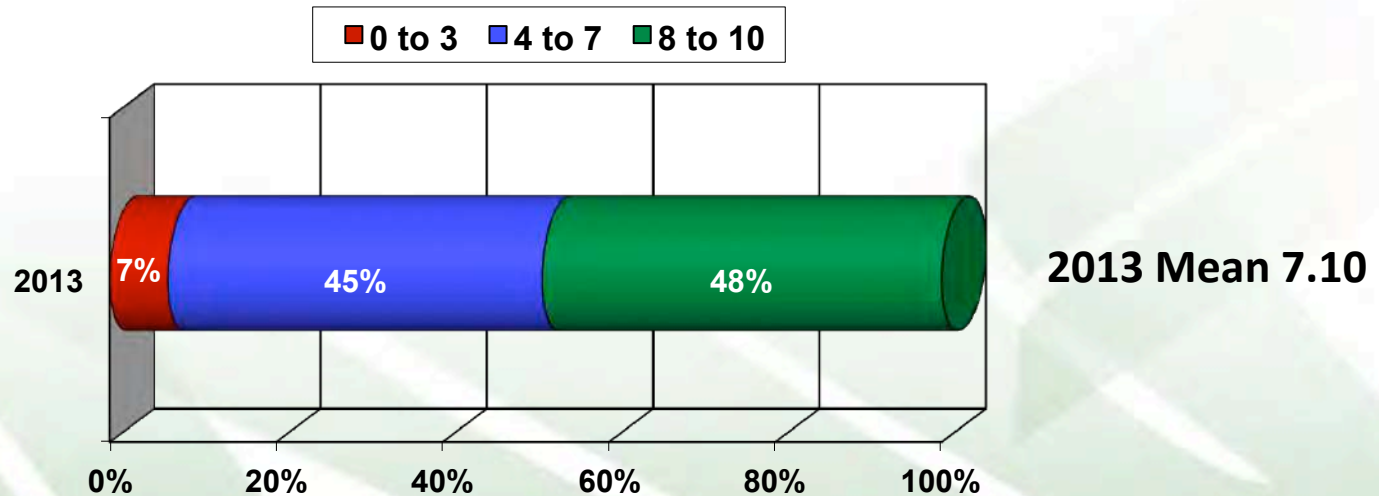


“(Size) farms are likely to put their interests ahead of my interests.”

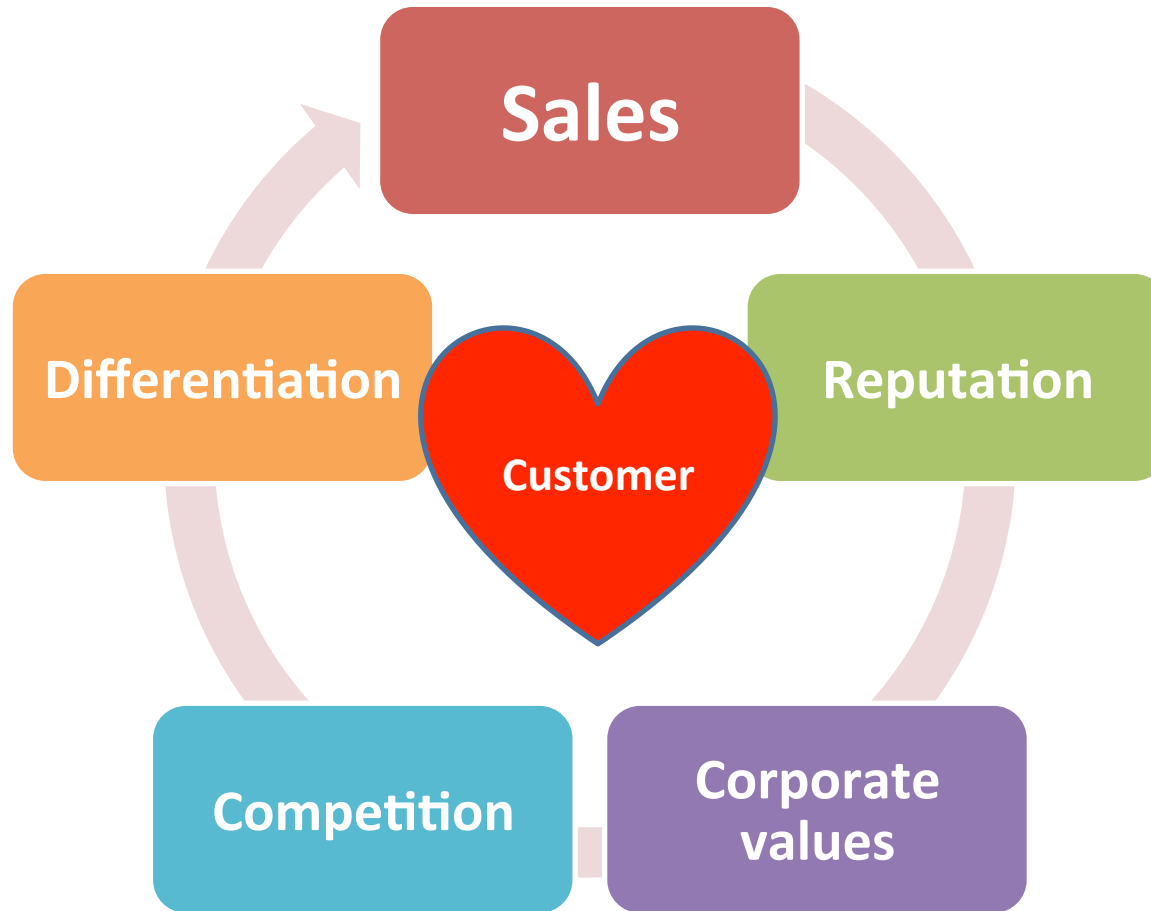
Small



Large



Factors Influencing Food Retail Animal Welfare Decisions



Hen Housing in California

- Egg Production Costs
- Differences in Costs across Housing Systems
- Impact on retailers
- Challenges to buying local

On my side/working against me

More + than -

- My family - 79%
- My friends - 73%
- Doctors - 69%
- Fitness/health clubs - 57%
- Farmers - 54%
- My "primary" food store - 43%
- Drug stores - 39%
- Food stores in general - 30%
- Local restaurants - 28%

More - than +

- Celebrity chefs - 14%
- The news media - 20%
- Health insurance - 26%
- Gov't institutions - 20%
- Food manufacturers - 13%
- Entertainment industry - 6%
- Fast food restaurants - 7%

Source: 2014 FMI US Shopper Survey, n=1059.

FMI Board Approved Policy Statement: Animal Welfare for Food Animals

Revised version adopted January 28, 2012

- FMI believes animals should and can be raised, handled, transported and processed in ways that ensure they are clean, safe and free from cruelty, abuse or neglect.
- FMI's Board of Directors support that the critical components of a responsible food industry include the necessity to simultaneously and scientifically assess the impacts of animal care and handling practices on animal well-being, food safety and food quality.

FMI actions in animal ag arena

- Animal Welfare Advisory Committee
 - 5 professionals from academia and veterinary sciences

“FMI will consult regularly with experts in animal husbandry and behavior, veterinary medicine and agricultural production to evaluate desirable practices and perform a periodic review of species-specific guidelines regarding the raising, handling, transporting and processing of food animals.”



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FMI actions in animal ag arena

- Created Animal Agriculture Task Force
 - Cross disciplinary staff/members
 - From communications, food safety, procurement, sustainability, consumer affairs, government relations



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Thank You!



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dfikes@fmi.org

202 220-0720