

# Uncovering Preference Shifts in Value-added Meat Demand: Evidence from Pre- and Post-BSE Scanner Data

Sven Anders

Rural Economy

University of Alberta

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# Consumer Trends...



- Factors influencing consumer demand patterns:
  - Health Status - Overweight, obesity, blood sugar, cardiovascular disease;
  - Food Safety - E. coli, Salmonella, pesticide residues;
  - Nutrition - Balanced diet, fibre, functional food;
  - Advertising - Kids, Cereal Industry (Kellogg), Whole Grain;
  - Dietary trends - Whole Grain, Bioactive's, 'comfort food'.



# Changing Meat Preferences

Variety seeking buying behaviour:

- Convenience,
- Natural, Organic,
- Guaranteed Tenderness
- Ready to ....
- Soy Sauce and Teriyaki Revolution

Things to come:

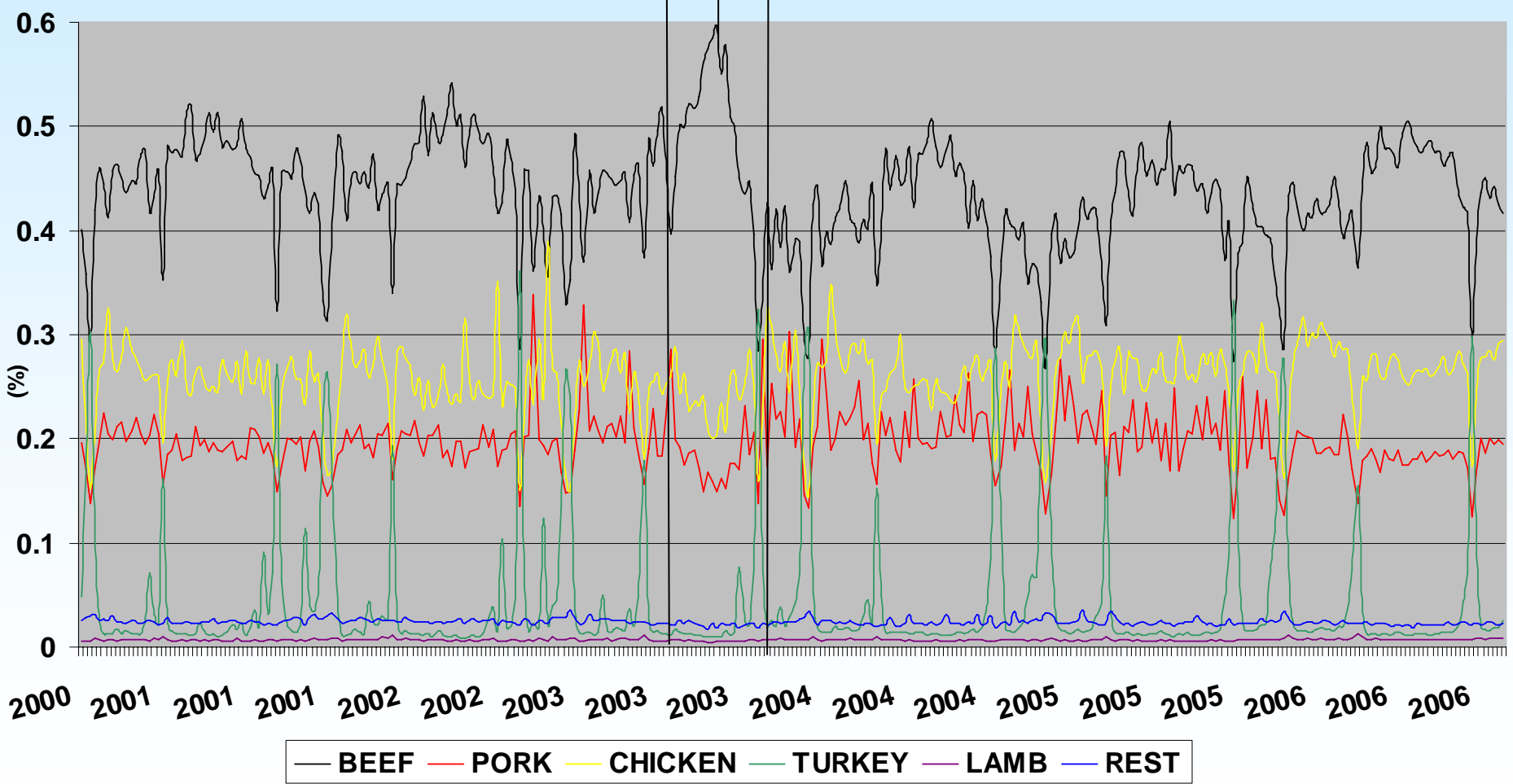
Local, animal welfare, fair ... ?

# This Presentation

Test for preference change in Canadian meat demand after May 2003:

- Demand system analysis Alberta / Canada;
- Estimate compare changes in meat expenditures across:  
I) meat categories II) value added products;
- Calculate, compare changes in budget shares across meat products Alberta / Canada;
- Calculate “bias” of structural change and trend effects;

# Aggregate Meat Expenditure Alberta 2000 - 2006



# Pre/Post Shock Expenditure Elasticities

Alberta			Canada		
	pre 00 - 05/03	post 05/03 - 07		pre 00 - 05/03	post 05/03 - 07
Beef	0.70***	0.79***	Beef	0.58***	0.58***
Pork	0.96***	0.76***	Pork	0.93***	0.86***
Chicken	0.72***	0.64***	Chicken	0.82***	0.79***
Turkey	5.73***	6.30***	Turkey	6.50***	7.09***
Lamb	0.70***	0.63***	Lamb	0.96***	0.87***
Rest	0.73***	0.72***	Rest	0.81***	0.86***

# Budget share effects (%)

Alberta				Canada			
	pre 00- 05/03	post - 03-07	Bias		pre 00- 05/03	post - 03-07	Bias
Beef	44.7	42.9	- 2.2	Beef	42.2	40.4	- 1.8
Pork	19.6	19.7	+ 0.1	Pork	18.8	18.3	- 0.5
Chicken	25.4	26.0	+ 0.6	Chicken	26.1	26.9	+ 0.8
Turkey	4.9	4.5	- 0.5	Turkey	4.6	4.0	- 0.6
Lamb	0.7	0.7	0.0	Lamb	1.1	1.0	- 0.1
Rest	2.5	2.4	- 0.1	Rest	3.6	4.0	+ 0.4

Bias = structural change “pre to post” incl. trend and seasonality effects;

So, Alberta beef did good and the rest did so-so ...

**But, where is the value added?**

# Effects on Value-added Demand

- Pre and post shock preference shifts for selected *Deli* meats:
  - Sliced *Roast Beef*,
  - Chicken Breast,
  - Black Forest Ham.

Value-added processing – convenient - “sandwich lifestyle”.

# Value-added Exp. Elasticities Alberta

Alberta			Canada		
	pre 00 - 05/03	post 05/03 - 07		pre 00 - 05/03	post 05/03 - 07
Roast Beef	0.75***	0.66***	Roast Beef	0.95***	0.98***
Chicken Breast	0.97***	0.88***	Chicken Breast	0.79***	0.75***
Black Forest Ham	0.74***	0.77***	Black Forest Ham	0.74***	0.90***
Rest Deli	1.03***	1.04***	Rest Deli	1.03***	1.02***

# Budget share effects

Alberta (%)			
	pre 00 - 05/03	post 05/03 - 07	BIAS
Roast Beef	5.13	5.51	+ 0.38
Chicken Breast	8.05	4.37	- 3.68
Black Forest Ham	7.78	9.47	+ 1.69
Rest Deli	78.9	80.07	+ 1.17

Bias = structural change “pre to post” incl. trend and seasonality effects when economic effects are accounted for.

# Conclusions

- No major preference shifts due to 2003 BSE shock;
- Alberta beef phenomenon modest;
- Selected value-added products out perform total meat patterns;
- Future: Brand vs. generic meat and meat product developments.