

MARKETING POULTRY PRODUCTS *

INTRODUCTION

The Merriam-Webster dictionary defines marketing as “*the process or technique of promoting, selling, and distributing a product or service.*” Therefore, marketing poultry products requires processors to *promote* and *distribute* poultry products to be able to *sell* them to consumers. The goal of marketing is to increase the market share in front of competitors and reach more consumers for the sustainability of the company. However, because of the availability of several suppliers in a competitive market, processors must also know consumer needs to fulfill consumer interests and increase consumer purchases. Adding value to poultry products is a major marketing method used to increase sales and, therefore, the market share.



A CONSUMER-DRIVEN MARKET

The significant increase in per capita consumption of poultry products and value-added derivatives and successful competition with other meat sources demonstrate that proper marketing of poultry products has been important to sustain the industry. Poultry processors know consumer needs and have developed new and convenient poultry products that are currently leading poultry production to levels non-existent in the past few decades. Continuous growth assures the sustainability of the poultry industry and its presence in the minds of consumers.

In the U.S., food is packaged and sold in a consumer-driven market where the buyer determines many of a product's attributes including form, packaging, and method of distribution. Successful companies listen to consumers' demands for products and then develop those products to fit the consumers' demands. Therefore, product development in the poultry industry requires the addition of value to a given product to attract new consumers or retain current customers.

In the early 20th century, poultry was produced locally for home meat and egg consumption. Chickens were selected by the farmer for their ability to produce both meat and eggs. They were dual-purpose chickens because they produced both products. As more people moved to the cities, they raised less of their own foods and bought more from other producers. Local farmers who sold poultry in local markets began to specialize in either egg production or poultry meat production. They selected birds for the ability to produce either meat or eggs in a more efficient manner.

The Leghorn-strain hen was selected for her ability to lay many eggs efficiently. Today, a Leghorn-strain hen will lay approximately 265 eggs per year. Eggs produced by the Leghorn-strain

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when are traditionally white in color, and are commonly consumed in the Central and Southern regions of the U.S. Some consumers prefer to buy eggs with brown shells, especially in Northeast U.S. and most of Latin America. The brown-shelled eggs are produced by Rhode Island Red and Barred Plymouth Rock hens. No nutritional differences exist between brown and white-shelled eggs. Brown-shelled eggs are usually more expensive because Rhode Island Red hens lay fewer eggs per year and have larger bodies requiring more feed for maintenance and production.

In the 1930s, the poultry industry consisted of many small farms that grew poultry for local consumption. Most poultry meat was sold as New York dressed birds, retaining the viscera, feet and head; only the blood and feathers were removed during processing. Purchases were made for immediate consumption. Fresh whole poultry was the choice product. Introduction of refrigeration into nearly every home in the U.S. allowed consumers to buy and store fresh meat. The widespread availability of refrigerated trucks for hauling meat products also allowed the industry to move from some regions and to concentrate within others. At that time, the poultry meat industry was located primarily in the Southeastern U.S., Arkansas, and the Delmarva Peninsula (Delaware, Maryland, and Virginia). Widespread availability of feed and cheap labor were two incentives for poultry meat-producing companies to move into these areas. Changes in production practices were accompanied by changes in meat products. The focus of poultry processing shifted from New York dressed birds to whole, ready-to-cook (RTC) poultry that had the blood, feathers, head, feet and viscera removed.

In the 1940s and 1950s, the poultry industry moved toward fewer but larger poultry companies. These companies used the vertical integration strategy to optimize production, reduce costs, and increase market share. Poultry sells well because of its economical price. A key factor in keeping costs low is vertical integration. In a vertically integrated industry, a parent company owns many aspects of production and processing. A typical, vertically integrated poultry processor owns breeder flocks, chicks, a hatchery, a feed mill, transport trucks, a processing facility, and a product distribution system. Such integration eliminates many middle companies that add cost to the product. The company has field service representatives and veterinarians to assist poultry growers. Growers contract with the companies for chick placement and are paid based on yield. Growers receive additional incentives for efficient, top-ranking production and company loyalty.

Today, poultry meat is produced by chickens and turkeys specifically selected for rapid growth and optimum feed conversion. This means that fewer pounds of feed are required for each pound of meat when compared to production 30 years ago. This produces the rapidly growing broilers and highly efficient turkeys used for commercial meat production that are popular today. The U.S. broiler industry uses a cross between a Cornish male and a White Plymouth Rock female. This produces a broiler that grows rapidly and deposits a large percentage of breast muscle during a relatively short grow-out period. The commercial turkey industry uses Broad Breasted White birds that are ready for market in 14 weeks (for hens) to 20 weeks (for toms).

Popular chicken meat products in the U.S. are the boneless, skinless breast fillet and the chicken tender. Those products come from broilers that are typically processed at approximately six weeks of age. Commercial broilers yield about 23% to 25% of their live weight as breast meat.

Breast meat accounts for about 34% of the carcass weight without giblets (WOG). The dressed carcass without neck and WOG comprises 63% to 65% of a broiler's live weight.

Today more than ever, marketing begins way before the chicken reaches the grocery store or fast-food outlet. Most Americans are 2 to 3 generations away from the farm. Because of this, they are very sensitive to issues surrounding animal welfare. Many large companies require that producers of all food items follow strict guidelines for health and well-being. All poultry are raised on a natural grain-based diet; and contrary to the common belief, hormones are not fed to any poultry. Some buyers also have requirements for the amount of space per bird and processing conditions to maximize welfare. Currently, several operations are using welfare implications to target niche consumer markets that are willing to pay more for poultry produced under certain conditions. Natural poultry or organic poultry products are currently leading the trend of alternative poultry markets. Market indicators show continuous growth in these niche markets.

Most conditions for these natural or organic products required at the production level during grow-out are commonly based on types of diets and growing conditions. Organic poultry must be fed under a controlled diet composed of organic-only ingredients, which are produced without supplements, chemicals, or pesticides. Despite higher costs of these diets, consumers are willing to pay the difference, and this sustains growth of these alternative markets. Even the alteration of traditional processing steps has impacted market creation. Currently, consumers are paying more for poultry that has been subjected to air chilling rather than traditional water immersion chilling, as the perception of a better product has been introduced by processors of air chilled carcasses.



Food safety issues are an important part of marketing food products as well. Food safety begins before the birds are placed in the grow-out house. Chicks are obtained from parent flocks that are grown and housed on farms that strictly control access to the flock. Biosecurity, or keeping the birds isolated from biological hazards such as viruses or bacteria, is an important part of on-farm food safety programs. Workers are not permitted to travel from one farm to another in the same day.

Feed delivery trucks are cleaned and disinfected before going from farm to farm to prevent spreading disease. This is the logo of the USDA Food Safety Inspection Service (FSIS).

Additionally, houses are constructed to keep out wild birds and animals. Birds eat strictly formulated diets that are obtained from specific feed mills to maximize nutritional content and to prevent transmission of diseases. Clean water is available 24 hours a day. House temperature and ventilation are constantly monitored and managed to keep birds healthy. All these biosafety practices are currently being re-evaluated and maximized because of concerns recently driven by the avian flu outbreaks in Asia. In the U.S., the highly pathogenic strain of avian flu has not been isolated. However, tougher controls and preparedness plans are in place and continuously upgraded to help protect the U.S. poultry industry from the devastating effects of this disease.

Food safety is also important in the poultry processing plant. The entire facility is constructed using materials and equipment that clean easily and meet regulatory requirements. The processing plant is cleaned many times during a 24-hour period. Usually, a “third-shift” (for the cleaning crew) is scheduled to thoroughly clean and sanitize the facility and equipment before a new processing day begins. Samples are collected and tested to verify cleaning and sanitation procedures. All these steps are important in producing the safest food possible. Food safety is an important part of the marketing program when the company’s products are branded. In addition, the Hazard Analysis and Critical Control Points (HACCP) system is implemented in all facilities to prevent the potential of hazards associated with the branded poultry products.

Branded poultry products are those that carry a name or logo specific to a company. After consumers identify with a particular brand, they may be willing to pay a higher price for the product, but the company also assumes a higher risk. Any negative association (such as a recall) with a specific branded product can cause substantial financial loss. Therefore, the reputation of the processor must be carefully maintained to assure market presence and acceptability.

During the 1950s, the fast-food restaurant was introduced to Americans. They began to view this as another meal option. The fast-food industry not only changed where Americans ate, but also what they ate and how that food was processed. Consumers were introduced to the concept of ordering only those parts that they prefer rather than the traditional whole carcass. Soon, they began to request more white meat products, rather than the dark meat from chicken legs. This concept carried into the grocery stores.

By the late 1960s, the whole bird market became saturated and companies began to look for new ways to market their products. Since then, the demand for whole carcass products has been reduced to below 15% of the total poultry meat production. In the 1970s and 1980s, Americans welcomed the thought of buying cut up poultry, that is, the preferred parts of poultry. They were willing to pay a higher price for the convenience of cut up poultry. It saved time in the kitchen and allowed consumers to choose the parts that they wanted. It also caused poultry consumption to increase steadily over the past several decades.

Today, less than 10% of the chickens in the U.S. are sold as whole birds. Most chicken is sold cut up. Poultry processors and marketers have shifted their product mix to value-added products (such as all white meat packs, marinated products, patties, nuggets, tenders, hot wings, turkey jerky, etc.). Many of these products can be bought fully or partially cooked and only require heating in the oven or microwave in the household.

Changes in demographics and consumer lifestyles in the U.S. during the past several decades have also influenced the ways that poultry products are currently processed and marketed. Because consumers value their time, they prefer to spend less of it in preparing food. The average consumer wants to spend only 20 minutes from the time food is selected until the meal preparation is complete. Creating new products to meet that goal offers challenges for food industries. Different ethnic cultures and their food products also create a demand for new dishes and spices. Poultry product availability and variety have changed dramatically to meet these consumer demands.

Changing a product's utilities (time, place, and form) adds value to a product. Cutting up chickens adds value by changing the product's form. Time can be changed by precooking and then freezing. This change reduces the amount of time a consumer must devote to product preparation. Place can be changed by offering the meal in a restaurant versus the home. The poultry industry's response to consumer demands for value-added products is one reason for increased consumption to levels that are currently surpassing the production of other meats. Such is the growth of the poultry industry, that the leading poultry producer in the country was able to acquire the leading beef producer in the nation and currently represents a significant portion of the protein market in the U.S. and world.

American consumers are more sophisticated than ever before. They demand healthy, convenient foods at economical prices. The producers of poultry meat products have worked diligently to deliver just that. Prices for whole birds hover around \$0.85 per pound for most regions of the U.S. Boneless, skinless breast fillets, the number one poultry product in the U.S., cost more, but they are also more convenient to use.

Poultry is viewed by consumers as being very healthful. The fat is primarily found with the skin or in select fat deposition sites that can be easily removed either in the processing plant or by the consumer. Poultry meat has a mild flavor that fits into many different recipes, so it can be cooked quickly in many different ways. This product versatility has helped the growth of the industry to its current levels.

Value or cost is highly critical to consumer perception. Consumers consider price when determining a product's value, but it is not the only factor. To have value, a product must deliver what the consumers expect for what they consider to be a reasonable price. Poultry processors do this in a variety of ways. They offer whole carcasses at a low cost per pound. They also offer thighs, drumsticks, or leg quarters at low prices.

Boneless, skinless breast fillets have a higher cost per pound, but the consumer gets consistently tender meat that is versatile. The meat easily accepts flavors of sauces, marinades, and broths. Therefore, breast fillets can be used in many different recipes and cooking methods. Other than frying chicken, consumers are creative in grilling and sautéing poultry meat. Both of these latter cooking methods improve the meat's flavor, but they do not add many calories to the meal.

Beginning in the 1970s, consumers became more health conscious. They became more aware of dietary fat and cholesterol levels of foods. This was an advantage for the poultry industry because consumers labeled poultry as a very healthy meat based on its natural composition. Consumers learned that removing skin was an easy way to lower the fat content of chicken meat and dishes containing chicken. Because it was identified as a healthy meat, consumers wanted to include more chicken in their diets. They demanded more poultry products.

Poultry companies responded by supplying chicken in different forms, including different types of packaging. Family packs and individual servings became available. Boneless, skinless breast fillets were placed in fresh tray packs and as glazed frozen products in resealable bags for convenience. Marinated products in the fresh meat case, as well as complete frozen dinners featuring chicken and turkey, became widely available. Poultry became more popular in the fast-food

restaurant. A large assortment of products (nuggets, sandwiches, and salads) made use of poultry. The rotisserie-roasted chicken market increased in the mid 1990s. This revitalized product did not cannibalize existing markets. It opened new avenues for chicken to be placed on the American table.

Meal assembly kits were introduced to American consumers in the mid-to-late 1990s and continue to be important to American consumers. These kits consisted of the necessary ingredients to prepare a complete meal. The consumer assembled the meal at home in a short period of time, usually less than 20 minutes. This allowed the consumer to participate in preparing the food. Participation is important as it fulfills a basic emotional need felt by many consumers to be directly involved in preparing good food for their families even when they do not have a lot of time.

Many new products bear the labels or brands of their companies. Initially, poultry was sold fresh in the meat case with no particular company or brand designation. Poultry was shipped in large ice-filled boxes and placed for sale in the meat case. Later, it was packaged at the grocery store. In some cases, the packages bore the store's label. This merchandising evolved into product branding. Branded products, those that bear the recognizable label of a specific company, have done particularly well, and loyal customers can now easily identify their choice brands.

Marketing programs were instituted to focus consumers toward a given line of products. Using the same label design or color scheme for all packaging helped consumers find a particular line of products throughout the store. They could easily identify a line of products in the deli case, fresh meat case, freezer section, and on the shelf by the logo or color scheme.



The high demand for white meat in the U.S. created an excess supply of dark meat. In the U.S., this caused low prices for dark meat parts, such as drumsticks, thighs, and leg quarters. It also created a supply of dark meat for the increasingly important export market. Many consumers outside of the U.S. preferred dark meat and other products containing dark meat because of its relatively higher fat content and more “chicken” flavor.

By 2000, about 16% of poultry meat produced was exported. Russia and China were and continue to be the largest export markets for the U.S. poultry industry. As fast-food restaurants (such as KFC and McDonalds) became established in those and other global markets, the demand for poultry meat in those countries also increased. It was and is still important for U.S. poultry meat companies to recognize new markets for products.

SUMMARY

Poultry egg and meat processors and marketers continue to meet consumer-driven needs. Steady growth in per capita consumption of value-added poultry products and successful competition with other food sources indicate that efficient processing and marketing have been important in sustaining the poultry industry.

Continuous growth assures the sustainability of the poultry industry in meeting consumer needs for improved and healthy further-processed products. This growth will continue in both national and international markets.

Because of this favorable growth, jobs will continue to be available in the poultry industry - especially in the areas of food and health science, product processing, product research and development, domestic and foreign marketing, and international trade.