

Study on Animal Welfare Labelling

June 2022

Prepared for the EU Platform on Animal Welfare
by Laura Campbell and Mar Maestre



Introduction

ICF were commissioned by DG SANTE to assist the Commission in gathering evidence that could support potential initiatives concerning animal welfare labelling in Europe. It comprised two parts: defining the problem and establishing the state of play.

Problem definition

- Consumer awareness and information needs
- Consumer willingness to pay
- Features of a labelling scheme preferred by consumers
- Current issues with animal welfare labelling schemes

State of play

Extent to which current labelling schemes on animal welfare:

- Respond to the consumer demand
- Contribute to add value to the food chain
- Contribute to improve the welfare of animals

Methodology

The study was based on research carried out between May and October 2022. It incorporated:



Mapping labelling schemes with animal welfare claims in the EU and beyond

- 51 schemes mapped
- Collected information on scope, governance, checks & enforcement and animal welfare impacts among other factors



Surveys

- Survey with consumers in the 27 EU Member States
- Targeted survey of industry bodies
- Survey with scheme members of eight selected labelling schemes



Desk research

- Relevant information collected from secondary sources published between 2010 and 2020
- Covering topics including consumer information, awareness and willingness to pay, and food and animal welfare labelling



Case studies

- 8 in-depth case studies on animal welfare labelling schemes in 6 Member States



Key findings: Problem definition

Problem definition: Consumer awareness and information needs

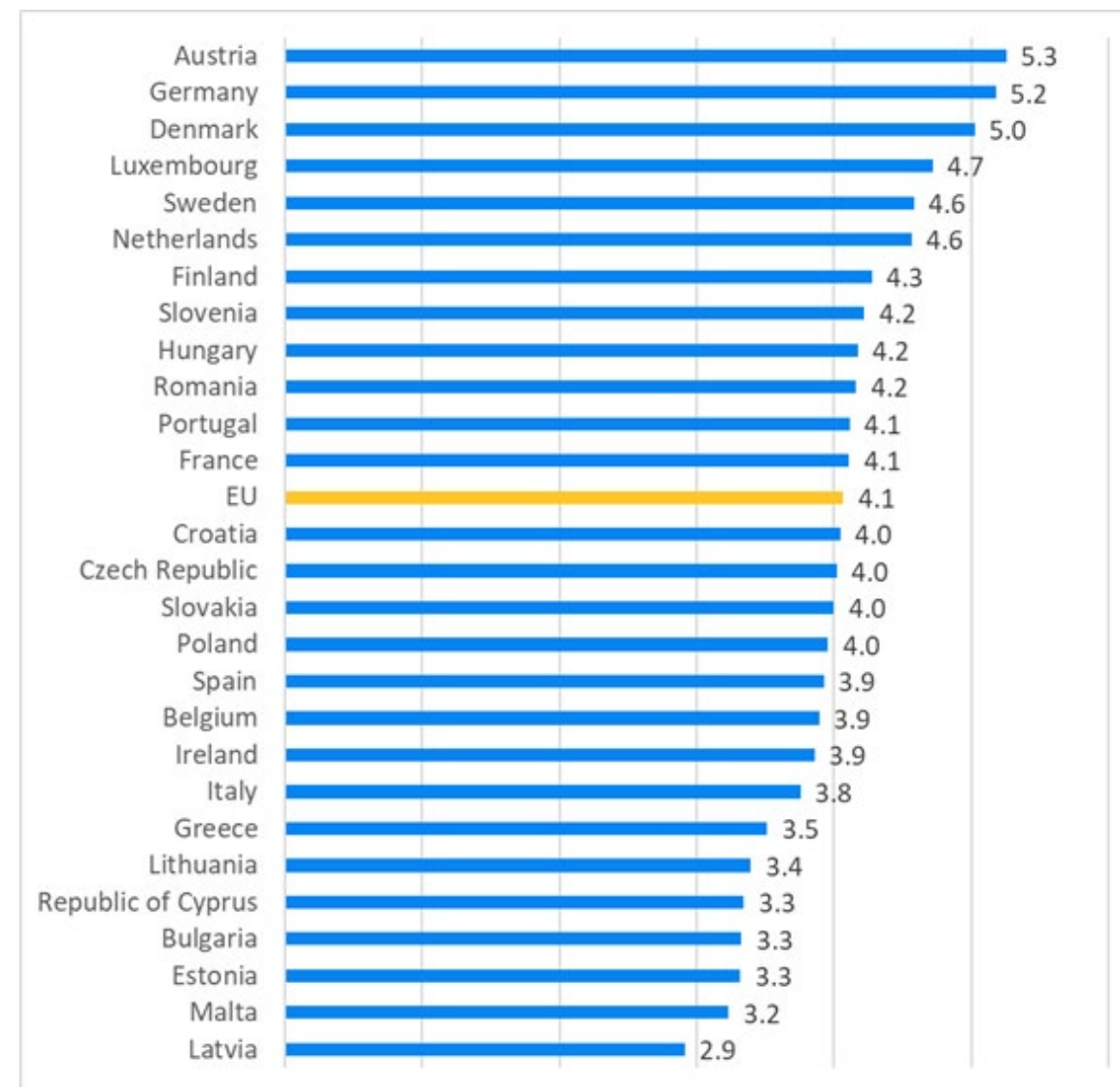
Awareness

- EU consumers are concerned with the welfare of animals, but they are not well informed about the conditions under which farmed animals are kept and treated
- Traditional media (TV, radio and newspaper) are the main sources of information for EU consumers
- Consumers in Northern and Western European countries typically show higher levels of awareness, but there are no significant differences by socio-economic characteristics.

Information needs

- There is demand for information on the conditions under which farmed animals are kept and treated. This demand is fairly evenly distributed across the EU.
- Just under a third (30%) expected consumers to shop differently if this information was provided
- Slaughter conditions, adequate feeding, outdoor access and housing conditions are key areas of interest for consumers
- There is also interest in receiving information on other sustainability issues such as antibiotics, fair pay, biodiversity and carbon footprint

Average level of awareness across EU (from 0 to 11)



Source: EU consumer survey (n=10,089)

Problem definition: Consumer willingness to pay

- Consumer statements on animal welfare are inconsistent with their purchasing behaviour
- They wish to choose products based on animal welfare conditions but pricing plays a significant role in their decision-making
- Consumers are unwilling to pay a premium which is the same or higher as that which exists for organic products
- There is willingness to pay at least a small premium for animal welfare under the right conditions, but there is an element of 'free rider behaviour'

Animal welfare labelling presents consumers with a social dilemma: a trade-off between short term individual benefits (lower costs) and negative societal effects (implications for animal welfare).

This can create '**free rider behaviour**': a collective willingness to pay for better animal welfare which does not always translate into behaviour, due to assumptions that others will pay for this instead.

Willingness to pay varies according to several factors:

- Member State
- Socio-demographic characteristics
- Consumer knowledge of farm animal welfare
- Consumer perceptions about product quality

Problem definition: Features of a labelling scheme preferred by consumers

- Consumers would prefer a label that is present on food product packaging as text or a logo, and which covers multiple farm animal species, different production systems and incorporates life beyond the farm (e.g. humane slaughter)
- There's an increased tendency to trust labelling schemes owned and managed by NGOs and EU public authorities, over national public authorities and private actors
- Learnings from nutrition labelling suggests evaluative labels to be more effective in supporting consumer decision-making than descriptive labels
- Graded labels also tend to perform better than positive (endorsement) or negative (warning) labels
- There are risks of information overload when there are multiple labels on a single product

Colour can improve consumer understanding and influence their purchases (e.g. 'traffic-light' style colours corresponding with 'best' to 'worst' scales). Accordingly, there was a trend for primarily green colour schemes in around half of the existing animal welfare labelling schemes mapped.

Examples of animal welfare labelling scheme logos using green colour schemes



Source: Bedre Dyrevelfaerd; Bioland; Bord Bia; Compromiso Bienestar Animal PAWS; Global GAP; IKB Varken; Weidemilk; KRAV.

Problem definition: Current issues with animal welfare labelling schemes

Existing animal welfare labelling schemes contribute to *distorting competition* between EU operators:

- Operators adhering to a scheme in their home country unable to sell their products as high welfare in another market, because no such segment exists or the label is not recognised there
- Operators adhering to a scheme in their home country facing competition from non-scheme members in other Member States, who can sell their products more cheaply
- Operators feeling obligated to join schemes in their home country by retailers, due to concerns about ramifications
- The standards of different labels present in the Member State in which operators seek to trade differ in severity and associated implementation costs
- Operators adhering to a scheme have to compete with conventional producers for particular products/cuts when there is no market for those products/cuts to be sold under a label and at a premium

The existence of *multiple* animal welfare labelling schemes can be problematic:

- Consumers may misinterpret labels that are visually similar or struggle to compare products that bear different labels
- Variation in welfare requirements of different labels can make it difficult to assess how welfare-friendly a product is

The problem of “*renationalisation*”:

- Existing schemes often include national origin claims, with corresponding national symbols and colours in promotional marketing. This can encourage consumers to purchase nationally produced food.
- Additionally, there are geographical, administrative and supply chain challenges that contribute to limiting the operations of existing schemes to national markets and supply chains.



Key findings: State of play

State of play: Extent to which current labelling schemes on animal welfare respond to the consumer demand

- Existing schemes offer wide coverages of species and dimensions of animal welfare, in line with consumer demand
- However, as most of the schemes identified were administered at a national level, there are **16 of the 27 EU Member States** with no dedicated animal welfare labelling schemes
- Consumer demand is therefore largely unfulfilled in these countries – and it's unclear how schemes with EU (e.g. organic labelling) or international coverage may be contributing to addressing this gap
- Schemes frequently include wider sustainability claims, spanning environment, food safety, traceability, food quality and social responsibility, but the specific standards used to uphold these claims can vary significantly making it difficult for consumers to accurately interpret them

The study also looked at animal welfare labelling schemes on non-food products such as cosmetics, fur and feathers. There are operational similarities with schemes for food products (e.g. use of logos on product packaging, audits and controls on certified businesses) but a key learning was that, regardless of the type of product, use of marketing to communicate the benefits of the more welfare-friendly option would increase the likelihood that consumers would purchase it.

State of play: Extent to which current labelling schemes on animal welfare contribute to add value to the food chain

- The consumers' price of products providing animal welfare information is generally more expensive than those products that do not provide this type of information, with premiums documented in case studies ranging from 18% to 94%
- Price differences between labelled and non-labelled products, when these exist, are often linked to higher investment and operating costs
- Farmers adhering to a scheme tend to get compensated or rewarded for the higher costs of production they incur, but it's unclear whether that compensation is always sufficient to cover all of their additional costs, or whether it always allows them to make a profit
- Incentives for business operators to join schemes include market access, financial rewards and/or stabilised income, improved brand image/reputation and improved animal health.
- Challenges to adhering to a scheme varies from label to label and from species to species within the same label. Audit and administrative costs associated with membership are common to all schemes.

Consumers' price of products varies between sectors and countries, but they are primarily driven by:

- Production costs
- Consumer demands
- Retailers' marketing strategy

State of play: Extent to which current labelling schemes on animal welfare contribute to improve the welfare of animals

- Existing evidence on the extent to which animal welfare labelling schemes offer a significant improvement in the lives of animals is limited. The study approximated the impact by considering parameters such as their scope and robustness of controls.
- Many of the mapped labelling schemes covered the full duration of an animals life
- Most schemes also had criteria going beyond national and EU legislation and relief on third party auditors to verify compliance, suggesting contributions to improvements in at least some aspects of the animals' lives
- However, it was often unclear what data was used by schemes to underpin claims about their impact on animal welfare: nothing was found to suggest schemes typically collect baseline data, in order to evaluate their impact over time
- There were also examples where multi-tier schemes set their lowest level only marginally above EU legislation, which is the level most adherents comply with – such schemes may not provide major improvements even where coverage is significant

Pigs, beef cattle & broilers were the species covered most frequently in the animal welfare labelling schemes that were mapped



Questions and comments