

AUSTRALIAN EGG INDUSTRY COMMUNITY RESEARCH REPORT

2023





CITATION

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INTRODUCTION

The Australian egg industry plays an important role in the diet of many Australians, with the average Australian consuming 262 eggs per year¹. The Australian consumer, and the egg industry is bracing for changes to both the way eggs are being produced with the impending transition from caged egg production, which contributes to 31% of the egg industry's total annual production². This is taking place within an economic context where community is feeling the pressure of rising interest rates and a subsequent cost of living crisis. These factors contribute to community expectations around how the industry operates, and ongoing perceptions of eggs in the scope of daily life. Australian Eggs, a non-profit organisation owned by members of the industry, is dedicated to offering marketing as well as research and development (R&D) support to benefit egg farmers across Australia. Over the last six years, the organisation has consistently engaged third-party social research to gauge and openly share public sentiments regarding the egg industry. This report includes the findings from the 2023 community research and draws insightful comparisons with the responses collected from Australians in the preceding five years of research.

To understand how the egg industry is performing, and what the community expectations are, this report prioritises two key outcome measures for the egg industry. The first is community acceptance, a measure of how willing community is to interact with an

organisation and can be used as a proxy for Social Licence to Operate. Measurement of acceptance of the Australian egg industry over the previous 6 years has observed an increasingly robust and positive relationship between the Australian egg industry and the Australian community. Measurement of changes to acceptance over time help to predict how community will respond to challenges faced by the Australian egg industry, and subsequently mitigate for risks and take advantage of opportunities.

The second is community trust. This is a measure of belief in an organisation or industry to do the right thing, and is a major driver of acceptance. We can use trust as a measure to understand the health of the relationship between the Australian egg industry and the broader Australian community. Throughout this program of community research, we have worked to track these key outcome measures and model what predicts or drives them, in the minds of community members. To provide a kind of 'recipe' for strengthening social licence through action. In this way, we seek to understand what community members think and why they think that way.

Within this longitudinal dataset, we see a strikingly positive narrative driven by egg industry action. At the beginning of this program, in 2018, the industry was challenged by significant community and advocacy group pressure on issues related to animal welfare,

among others. We also observed the value proposition for the egg industry to be relatively narrowly defined; a low-cost source of nutrition produced in a safe way. Over the course of this research program, we have found that trust and acceptance increased dramatically through 2017-2020 before remaining strong and stable since then.

This indicates a positive, secure relationship between the Australian egg industry and the Australian community, fostered through mutual understanding. It also reflects the way the egg industry has responded to the insights delivered in the early years of this work, focusing on the key drivers of trust and maintaining a sector-leading commitment to radical openness and transparency in the way this social research is communicated and made available. The actions taken by the egg industry have focused on the three main areas found in this research to most significantly drive trust: environmental responsibility, industry responsiveness (i.e. to issues such as hen welfare), and the value proposition for the egg industry within the Australian community. Each of these areas will be discussed in this report on the 2023 community survey.

The insights derived from this community research play an important role in shaping the activities of the egg industry's Sustainability Industry Consultative Committee, its leadership, and its members. These insights help to guide Australian Eggs' research and development

(R&D) priorities, as well as the approach the industry adopts to interact with the Australian community on matters crucial to its relationship with the sector. Notably, they also underpin the foundation of the Australian egg industry's Sustainability Framework, supporting prioritisation of Australian Eggs' research and development budget in line with community expectations and reporting of progress against these in the previous twelve months.

Since 2018, this research initiative has engaged approximately 44,000 Australians through an online survey tool that is updated annually to ensure key context relevant to the community and the Australian egg industry is examined. This ensures its alignment with societal expectations, enabling it to serve as a reliable source of information for the refinement of egg industry practices. The inception of this research initiative involved a collaborative partnership with CSIRO for a span of three years, and from 2020 onwards, it has been conducted in collaboration with the same research team operating in Voconiq, a CSIRO spin out company.

In line with Australian Eggs' commitment to transparency the reports describing the findings from this research are accessible on Voconiq's website³ and independently published on the Australian Eggs website⁴.

¹ <https://www.australianeggs.org.au/egg-industry>

² <https://www.australianeggs.org.au/egg-industry>

³ <https://voconiq.com/eggs/>

⁴ <https://www.australianeggs.org.au/what-we-do/sustainable-production/sustainability-framework>



WHO COMPLETED THE SURVEY

5,403

TOTAL PARTICIPANTS 2023

Representative sample: 5,176
Open call sample: 227

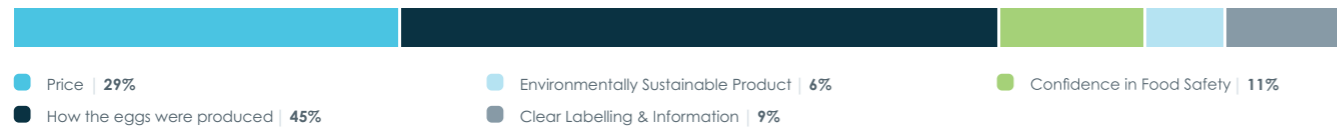
43,871

TOTAL PARTICIPANTS 2018-2023

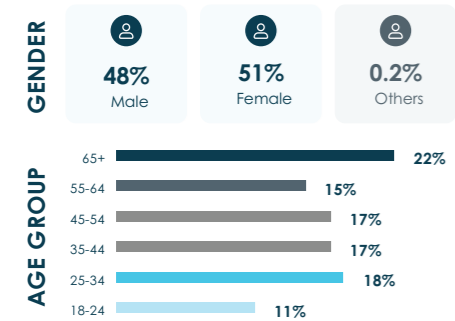
Representative of the Australian population: 30,500
Open call samples combined: 13,371



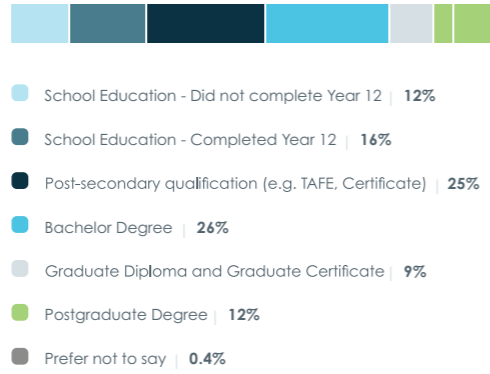
TOP FACTOR INFORMING EGG PURCHASES



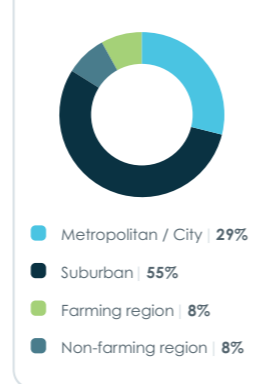
GENDER AND AGE



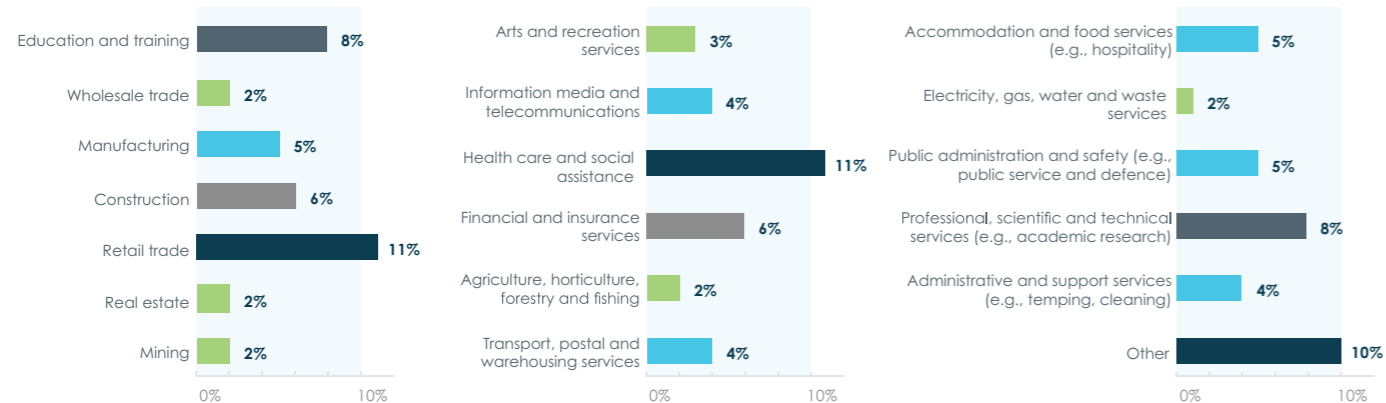
LEVEL OF EDUCATION



REGION TYPE



INDUSTRY



THE RESEARCH PROCESS

The Australian egg industry national community research program aimed to establish a deep understanding of community attitudes towards the Australian egg industry, track and compare key measures relating to community attitudes, trust and acceptance of the Australian egg industry over time, and explore any additional emerging issues (e.g. effects of domestic inflation). It was undertaken by CSIRO between 2018 and 2020 and then by Voconiq from 2021 onwards. All surveys are completed via an online survey.

The survey instrument comprehensively examined issues material to the relationship between the egg industry and the Australian community, including:

- background knowledge of and information sources about the egg industry,
- animal welfare,
- environmental impact,
- economic viability,
- governance and regulation,
- trust and acceptance of the egg industry in Australia, and
- participant demographic characteristics.

Before beginning the survey, all participants read information about the study and needed to indicate that they understood the research aims, funding source for the research (Australian Eggs), and how participant data may be used. The following industry definition was also included, consistent with previous iterations of the research:

The Australian Egg Industry includes egg farming businesses that keep laying hens to produce eggs for consumption by the Australian community. The industry includes very large egg farming businesses that have a large flock of hens across a number of farms, medium and small egg farming businesses. Large and medium egg farming businesses generally have more than one egg production system (cage, barn, free range) and small egg farmers generally have one egg production system. Eggs and egg products (liquid egg) are sold to major retailers (supermarkets), other retailers, farmers markets, food service companies (cafes, restaurants), hospitality (hotels) institutions (aged care facilities) and food manufacturers (bakeries).

SAMPLING METHOD

In 2023 as in all previous years of this research, Voconiq collected two samples of data, both using the same online survey instrument. The first was a nationally representative sample by gender and age according to Australian Bureau of Statistics (ABS) data⁵. 6,056 surveys were completed with 5,176 retained for analysis after data cleaning⁶. The representative sample is collected via a research panel provider and participants are paid a small amount for their time. Participants do not know the topic of the survey when they choose to participate.

The second sample (n = 227, all retained) was collected by responses to a web link of the survey instrument published by Voconiq and Australian Eggs on their project web pages. The additional sample was collected to ensure the openness and transparency of the research process by enabling interested Australians to participate and share their views on the Australian egg industry and to ensure any Australian resident could contribute their views. Participants in both samples needed to indicate they were over the age of 18 years.

This report contains a summary of the data for the nationally representative sample. A full report including the responses to each question from the open, public sample is available on both Australian Eggs and Voconiq project web pages.

As with previous years, the key themes of the open sample align with that of the representative sample. However, respondents in the open sample generally demonstrate a greater interest and concern regarding operations of the egg industry, sustainability and welfare, reflecting that they are more engaged and motivated to participate.

ANALYSIS AND REPORTING

The survey data collection period was between 1 June and 23 June, 2023. Once the data was collected, statistical analyses were completed including a thorough data cleaning process. The data cleaning process involves excluding surveys from the analysis for various reasons such as missing data, brief completion times or responses that indicate carelessness or suspicious consistency (e.g. answering '1' to all questions).

⁵ <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release>

⁶ 'Data cleaning' is conducted in order to ensure the quality of data included in analyses is high. This involves screening and potential removal of surveys where, for example, participants answered the survey very quickly (i.e. less than 5 minutes), in ways that indicate lack of attention to the content of questions, and extreme or consistent responding on survey questions (i.e. answering '1' to all questions). For more detail on what this involves, see Meade AW and Bartholomew C. (2012) Identifying careless responses in survey design. *Psychological Methods*, 17(3), 437-455. DOI: 10.1037/a0028085.

KEY FINDINGS 2018-2023

Longitudinal data collection over six years has built a detailed picture of the key issues that inform the relationship between the Australian egg industry and the Australian community. There have been changes in this relationship over time, with the positive and robust nature of the relationship building in response to community engagement and communication. The community sees the important role that the egg industry plays for the country, and sentiment towards the industry is resoundingly optimistic.

A central focus for the research over the past six years has been the role of trust in the relationship between the Australian community and the egg industry. Trust has been found to be a key measure of community acceptance of the egg industry and provides a way to translate community expectations and experiences of the industry into a stronger social licence to operate.

In the research, trust is measured using three different questions on a scale from 1 (Not at all) to 5 (Extremely). Over the six years of research trust can be seen to rise significantly from baseline levels in 2018 through 2020, before stabilising at high, positive levels from 2021 (Figure 1). The 2021 trust figures are likely inflated by community responses to the COVID-19 pandemic, a pattern in trust data observed across many rural and other industries at that time. The longitudinal pattern in this trust data reflects substantive improvements in the relationship with the Australian community driven by Australian Eggs and the egg industry more broadly through alignment of its sustainability agenda more closely with community expectations in the early years of this research program.

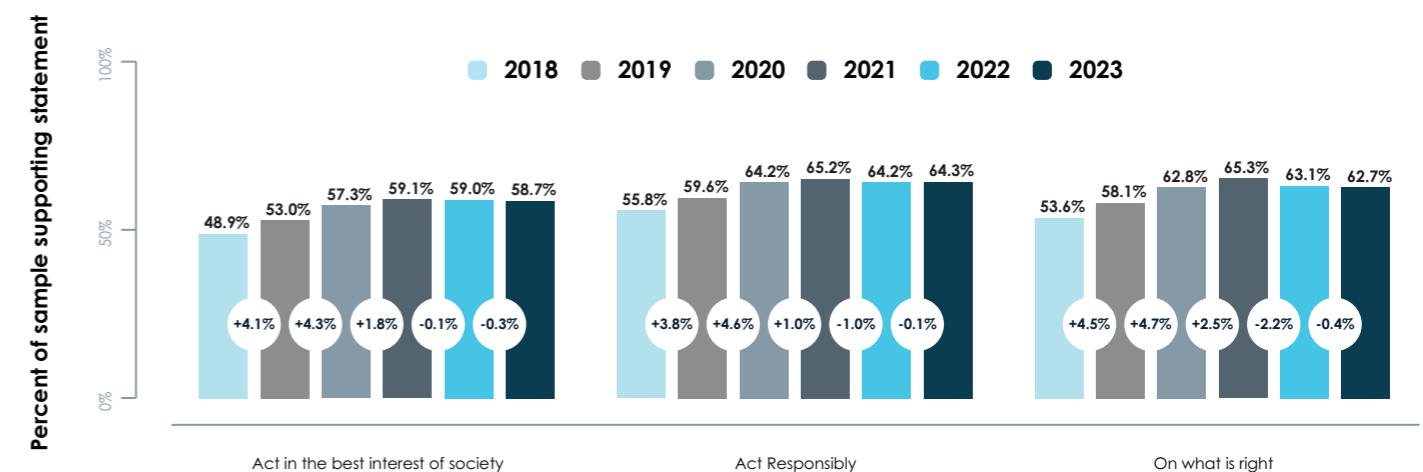


Figure 1. Percentage of agreement with individual trust items, 2018-2023.

In line with the path modelling used in this research, we expect patterns in community acceptance and approval of the Australian egg industry to closely mirror that of community trust ratings. This has been the case (see Figure 2), with acceptance and approval of the egg industry in 2023 strong, stable, and consistent in pattern over time to levels of trust. More than three quarters of this representative sample of the Australian population indicated “very much” or “extremely” if they accept the egg industry in Australia, a proxy measure for the industry’s social licence to operate.

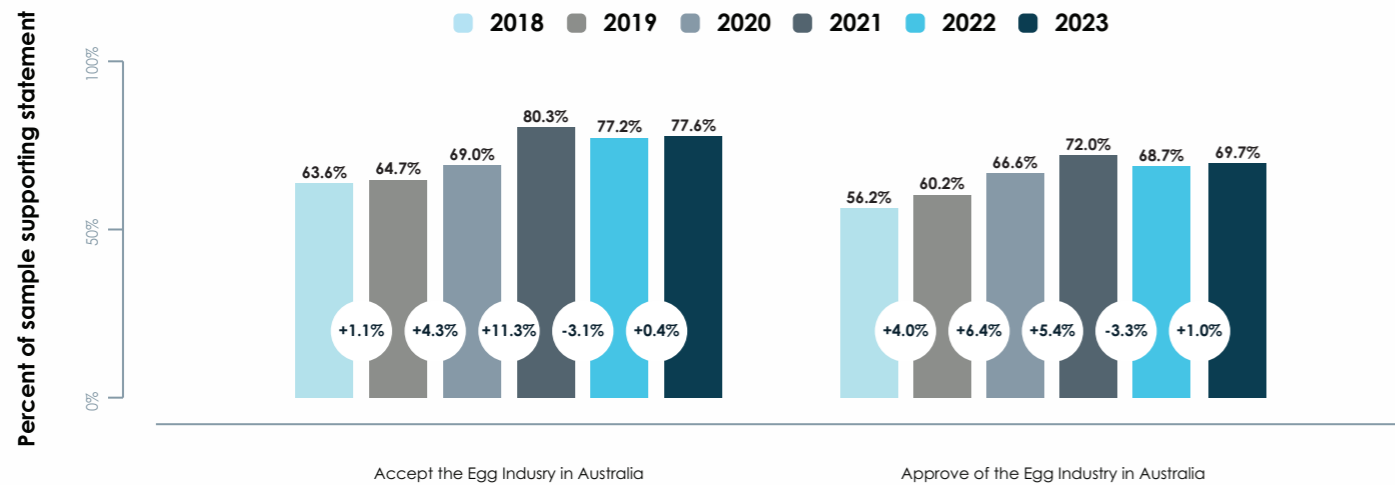


Figure 2. Percentage of agreement with acceptance of the egg industry items, 2018-2023.

In each year, the factors that contribute towards trust and acceptance are explored using path modelling⁷. The model developed is a tool that may be used by Australian Eggs to help prioritise areas for action that are most important in their relationship with the Australian community. This year, the path model (Figure 3) highlights a changed focus in three key areas for community:

- environmental responsibility,
- industry responsiveness, and
- the industry’s ‘value proposition’.

In the next section of the report, we will discuss our findings in these three key areas.

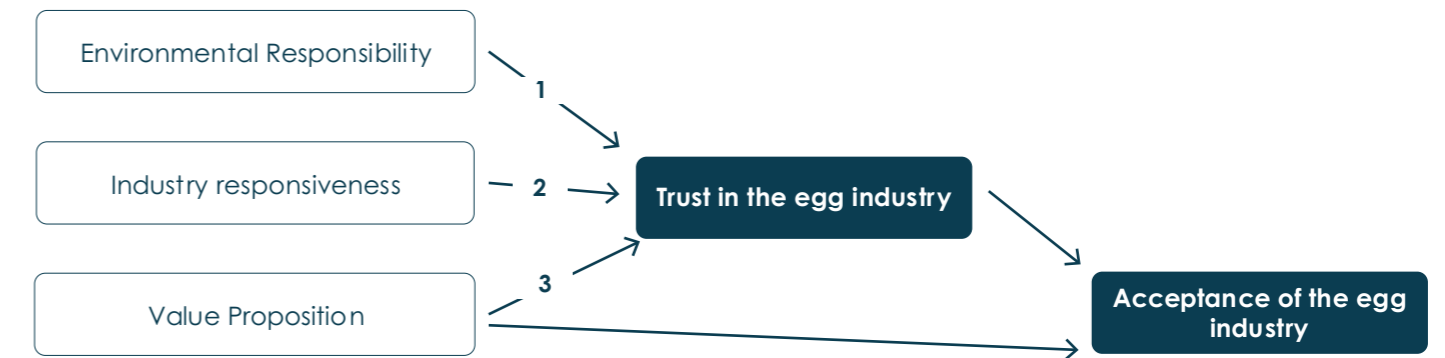


Figure 3. 2023 egg industry trust model.

HOW TO INTERPRET THIS PATH MODEL

A path model shows how all included variables (i.e., collections of survey questions that measure the same or similar topics) relate to each other. In this path model we are exploring what leads to trust and acceptance of the Australian egg industry, shown by the blue arrows. The numbers represent the strength of the relationship between two variables, relative to all other relationships in the model. For example, industry responsiveness is a stronger driver of trust than confidence in food safety.



THE ENVIRONMENT IS THE KEY TO MAINTAINING COMMUNITY TRUST

In 2022, the performance of egg industry participants in managing their environmental impacts emerged as a strong positive driver for trust. In 2023, this driver has strengthened to become the most important driver of trust in the model. This foreshadows the need for increased industry activity in the space of environmental impacts and provides a guide for future. The elevation of environmental management also highlights the dynamic nature of the path model as a reflection of changing community expectations, values, and the dynamic nature of an industry's social licence to operate.

Looking at the individual items used to measure environmental impact and management, we see different patterns in responses over the six years of the community research program (see Figure 4). For electricity use, community perceptions that it takes a lot of power to run egg farms has been relatively stable across the research program. For the perceived carbon footprint of free range versus cage and barn egg farms, responses varied considerably through the years of the program influenced most severely by the pandemic. In 2020, the perceived carbon footprint of free range farms compared to other type of farming increased significantly, substantially declined in 2021 before increasing again and holding stable in 2022 and 2023.

Finally, two sustainability linked items can be seen to reflect in large part the pattern we have observed in trust and acceptance over the six-year program of research. As a key driver of trust and acceptance, this shows how community perceptions directly influence social licence and highlights the importance of engaging community effectively on issues that are material to community acceptance.

When asked about their level of agreement with the statement "Egg farming has a lower impact on the environment than other industries", there is a noticeable fall in community agreement to 69.4% in 2023, when compared to the peak agreement of 77.7% in 2020. It is important to note, that the 2023 agreement is still higher than the 2018 baseline of 65.5% (Figure 4). This represents a call to action to the Australian egg industry on engagement with the community about environmental impacts, and consideration on how egg industry operations are discussed relative to other industries, both Agricultural and other.

Together, these measures show that overall sentiment toward the egg industry's environmental credentials remain positive and have broadly stabilised below the peak seen during COVID-19. The challenge is to address this trend to ensure environmental management does not undermine the industry's broader relationship with the community.

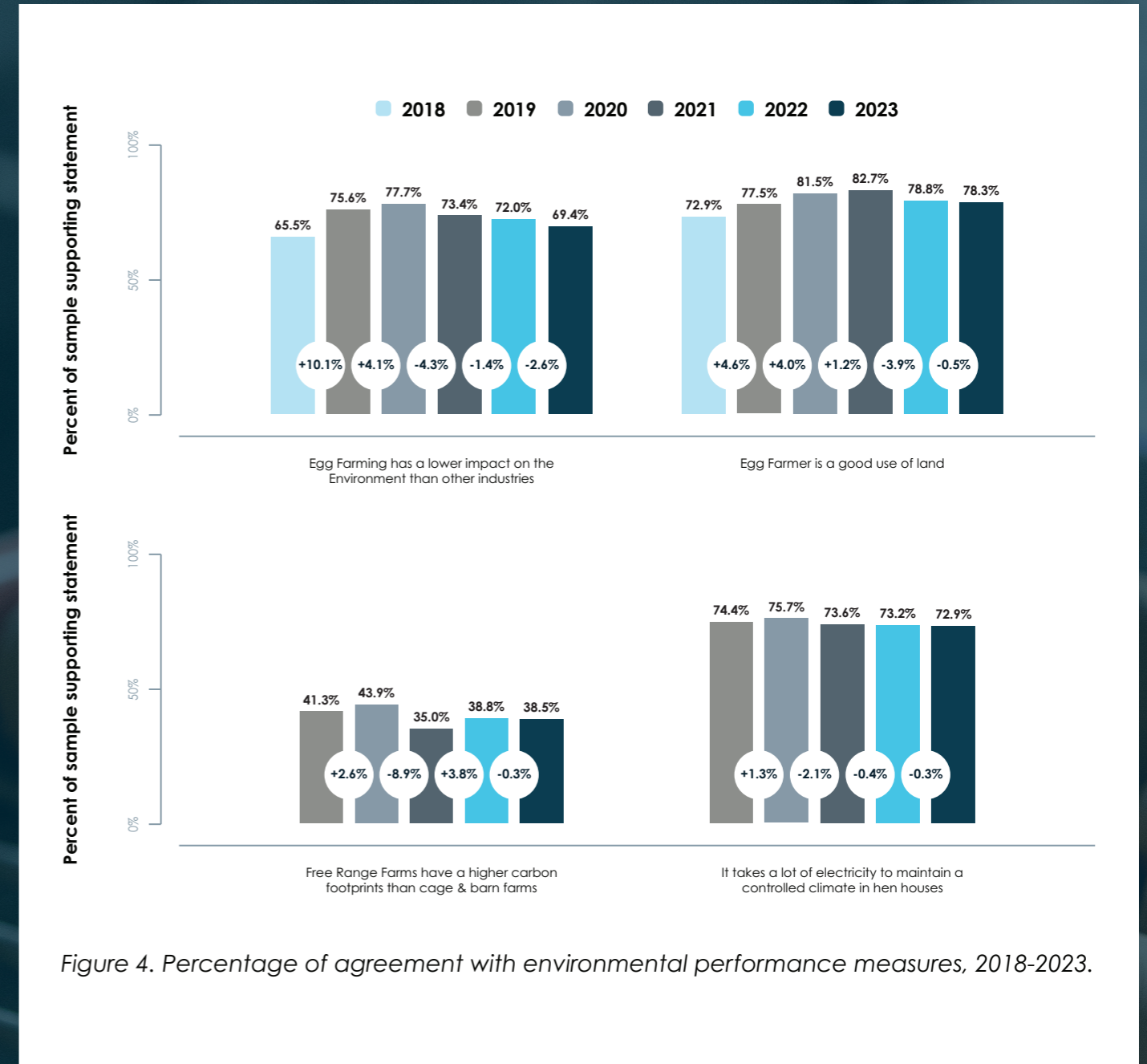


Figure 4. Percentage of agreement with environmental performance measures, 2018-2023.

DEMONSTRATING RESPONSIVENESS IS PAYING OFF

Industry responsiveness is a strong driver of trust in the egg industry. This reflects a trend seen across other agriculture and resource-based industries in Australia. Community sentiment remains stable and positive regarding the industry's capacity and intent to hear and act on community concerns.

Responsiveness ratings are strong and stable (Figure 5). In 2023, 70% of Australians agreed or strongly agreed that the Australian Egg Industry is listening and responding to community concerns through action. This is a significant and positive response to strategic work completed by the Australian egg industry and is high relative to other industries.

Examining the role of responsiveness in predicting trust and acceptance, for the first time in the six years of community research for the Australian egg industry it is not the strongest driver in our modelling. As environment has increased in importance, industry responsiveness has decreased to be the second strongest driver of trust.

Taking the two different pieces of information this work provides (i.e., levels of agreement with responsiveness questions and the role responsiveness plays in predicting trust and acceptance), it can be seen that the Australian egg industry increased its effectiveness in this area substantially early in the program, has maintained a very high level of performance over time, and shored up this key driver of social licence effectively. After four years of very strong, positive responses on these questions, the egg industry appears to have embedded responsiveness in its relationship with the Australian community.

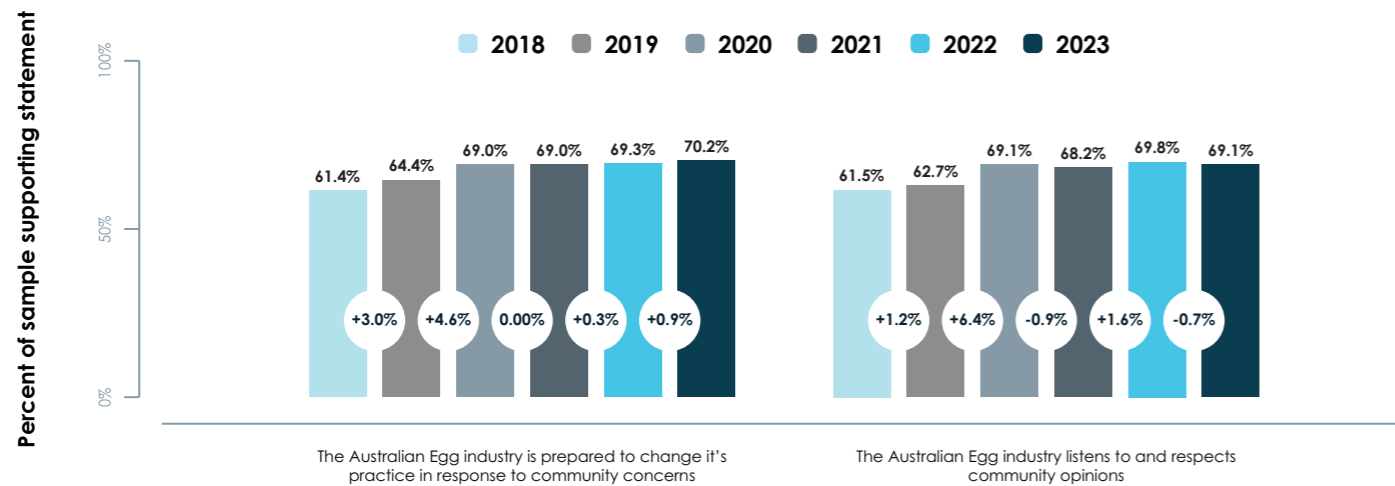


Figure 5. Percentage of agreement with responsiveness of the egg industry, 2018-2023.

A BROADENING VALUE PROPOSITION REFLECTS A HEALTHY RELATIONSHIP

There are many factors that impact perceived value of a product. Costs and benefits of an industry capture the extent to which the benefits of the Australian egg industry outweigh the negative impacts, at a societal level. In 2023, the value proposition of the industry emerged as an important driver of trust and broadened in its nature.

When asked about costs and benefits, 85.8% of respondents in 2023 agreed or strongly agreed that they are happy to support the egg industry in Australia. Throughout the course of this research, level of agreement with this item, presented to participants after they have answered questions about the positive benefits and challenges associated with the egg industry, has remained above 80%. A clear upward spike in the pandemic affected 2021 was followed by retention of some of this gain over the last two years of research (Figure 6).

When participants were asked to rank the importance of different factors when purchasing egg products, how the eggs are

produced (45%) and price (29%) continue to be most important. The five factors included for consideration by participants have remained quite stable in their relative importance over the six years of research (see Figure 7). The cost-of-living pressures in 2023 impacting community can be seen in the increase of price as the most important factor influencing purchasing decisions and softening of production system as the number one factor.

In examining the value proposition for eggs, there is further examination of the factors that inform participants' assessment of the benefits of the industry over its perceived costs or challenges. The next section of this report details the modelling of the egg industry's value proposition in 2023.

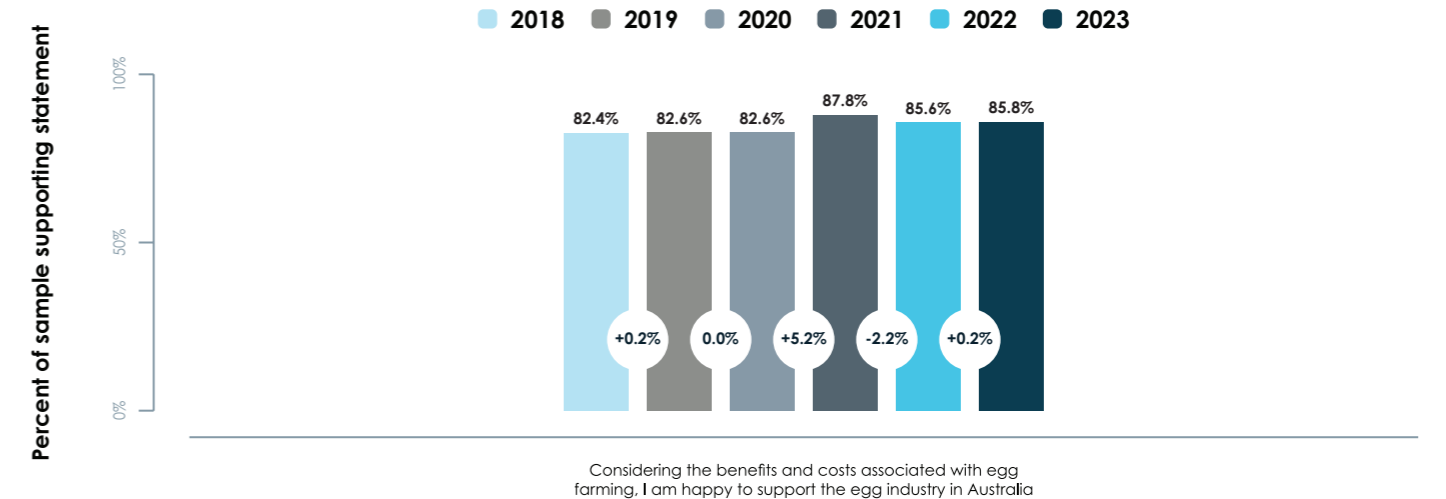


Figure 6. Percentage of agreement with the costs and benefits of the egg industry, 2018-2023.

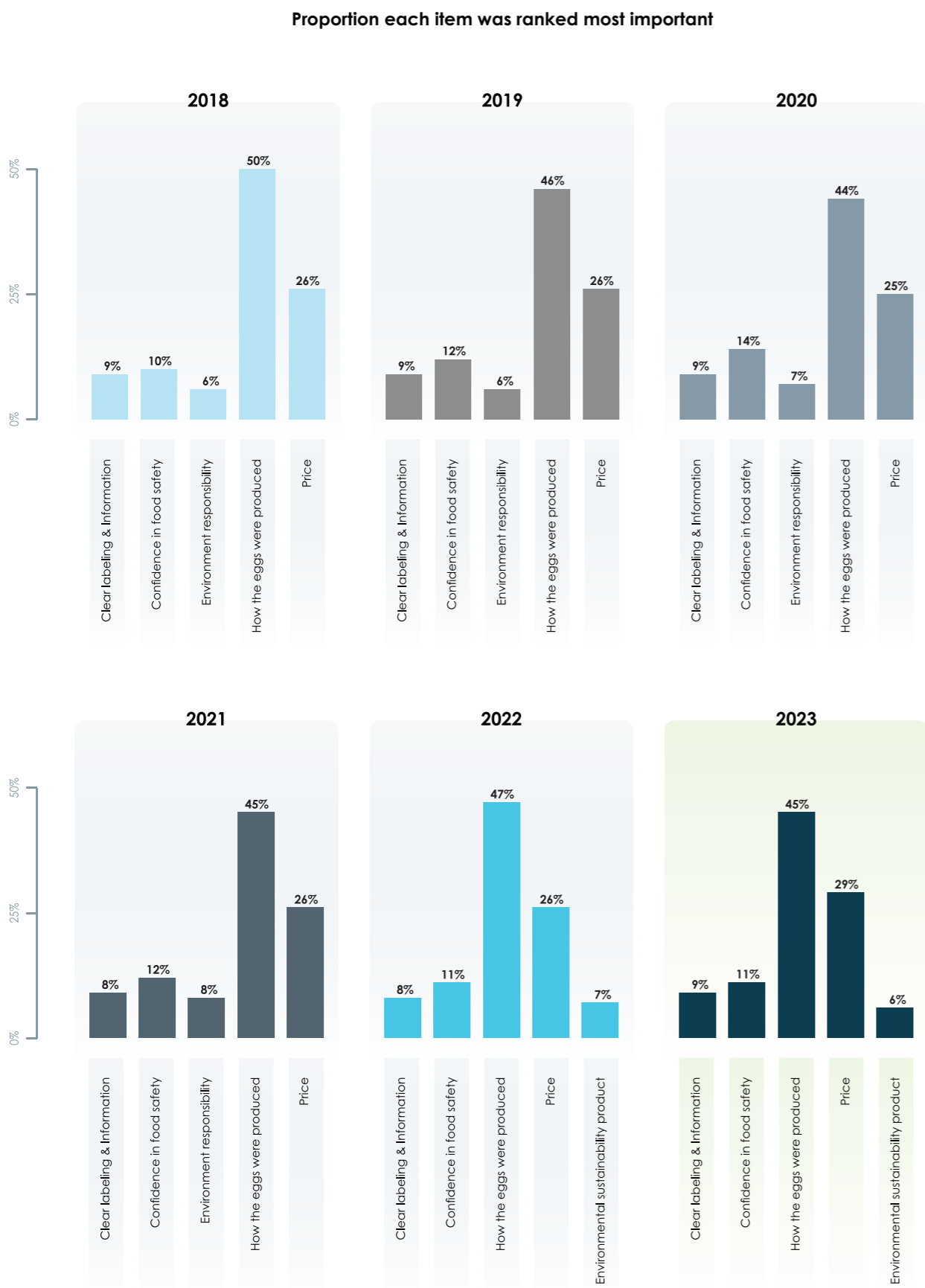


Figure 7. Proportion of sample indicating first preference factors informing purchasing decisions, 2018-2023.

UNDERSTANDING THE VALUE PROPOSITION

In each year of this research, a path analysis is conducted on the drivers of trust and acceptance. Since 2018, this trust model has included the balance of benefits over impacts of the egg industry as a prominent component. Additional analyses was conducted to explore what components of the egg industry are considered by Australians when considering this judgement, and how these have changed over time.

Most components of this value proposition judgement remain consistent in 2023 with previous years. These consistent components include (in order of their importance):

- Eggs as an important source of nutrition
- Eggs in Australia are clearly labelled
- Egg farming is a good use of environmental resources
- The positive contribution of the egg industry to Australia's economy
- The egg industry creates jobs
- Eggs are affordable

In 2023, two new themes emerged as important additional components of this value proposition: sustainability of the egg industry compared to other industries, and the successful use of technologies in the production of eggs.

This analysis shows that in 2023, community members are predominantly concerned with the use and cost of eggs as a food source, followed by environmental concerns and clear labelling reflecting, for example, how the eggs were produced. This section will investigate the three main considerations found to impact perceived costs and benefits of the Australian egg industry: affordable nutrition, eggs as a sustainable food source, and confidence in the product.

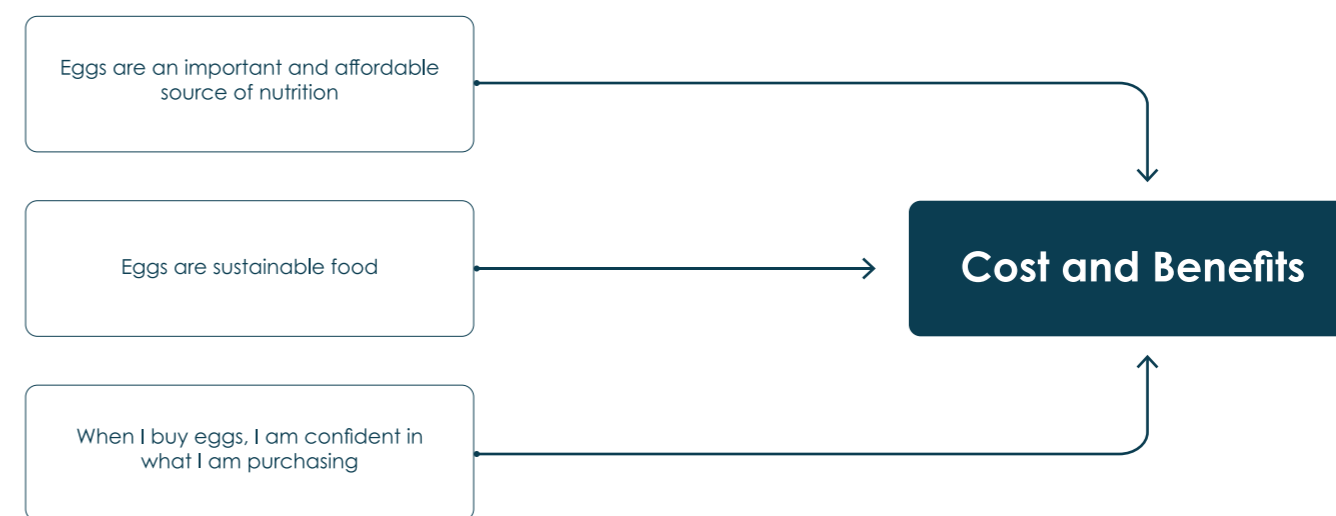


Figure 8. 2023 cost and benefit model for the Australian egg industry.

EGGS ARE AN IMPORTANT AFFORDABLE SOURCE OF NUTRITION.

When comparing the importance of eggs over the six years of the program, the community continues to hold views that eggs are an important and nutritious food source, with sentiment improving on these two questions in 2023 (see Figure 9). Additionally, when asked whether plant-based proteins are replacing eggs as a staple food, agreement declined by 2.2% to 27.4%, highlighting the importance of eggs as a staple food (Figure 9). However, perceptions that eggs are affordable has declined to 66.3% agreement, dropping by 10.3% since 2022 (Figure 9).

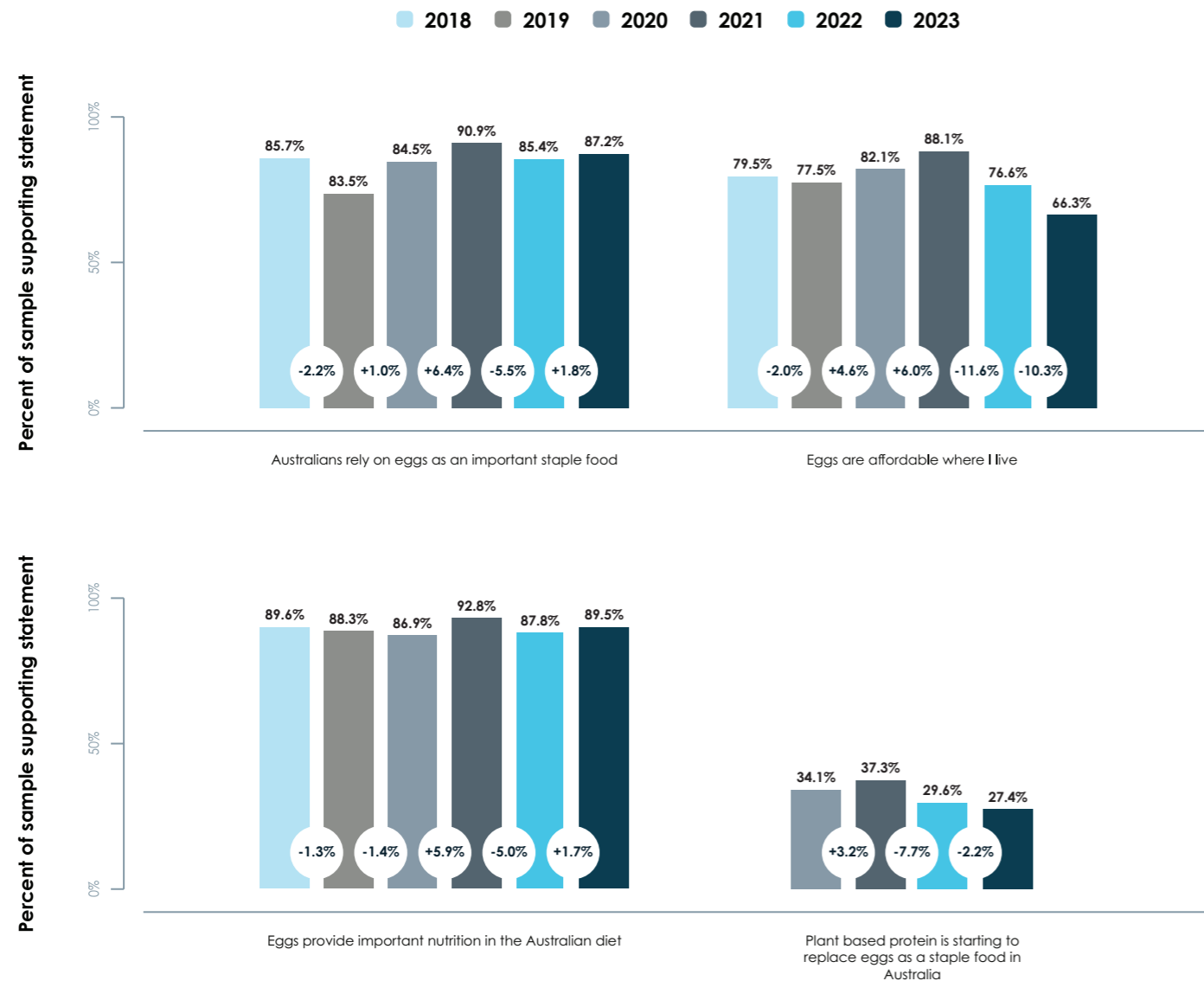


Figure 9. Ratings of eggs as an affordable, important and nutritious part of the Australian diet 2018-2023.

The economic context of this survey is important to consider. Over the past six years, two questions on cost of living have been asked. In 2023, significant changes have been observed in both questions, directly reflecting the current cost of living pressures. In the first question, "It is hard to afford the lifestyle I want", 55.5% of respondents agreed or strongly agreed, the highest number seen in this survey to date (Figure 9). And when asked whether their income covered their living expenses, 39.5% of participants agreed or strongly agreed. This is the lowest level of agreement on this item over the past six years (see Figure 10).

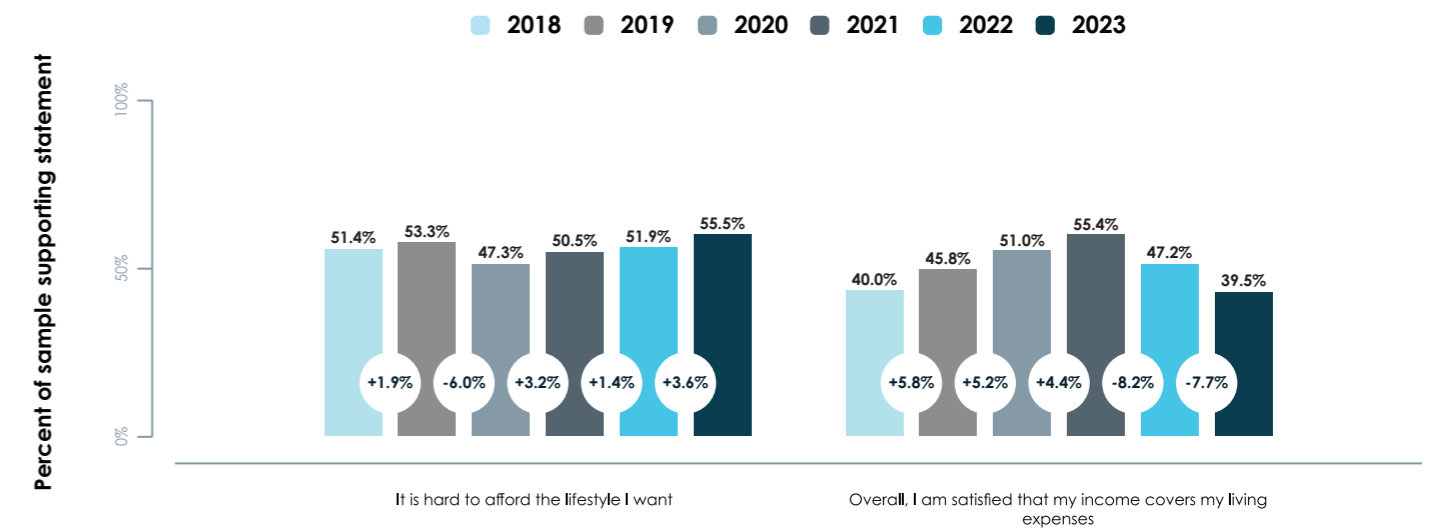


Figure 10. Percentage of agreement with economic measures, 2018-2023.

This price sensitivity was then investigated in the context of environmental and welfare impacts. When asked about changing practices for both environment and welfare (Figure 11), there appears little appetite within the Australian community to compromise on either, despite the potential consequences on pricing. The desire for improved sustainability will be further discussed in the next section.

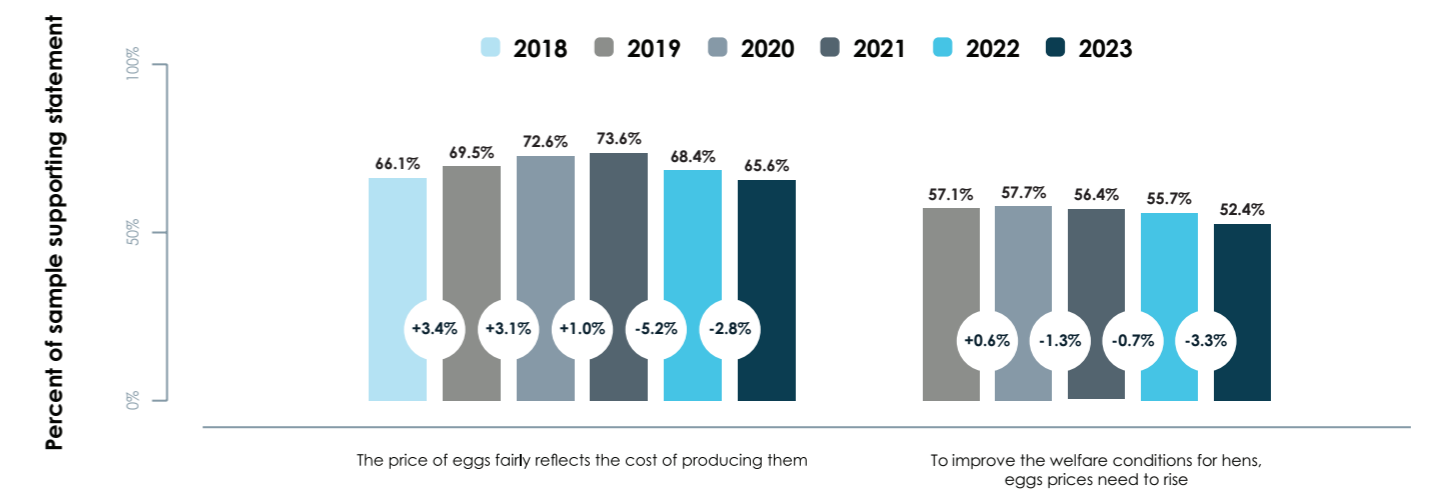


Figure 11. Percentage of agreement with cost of production, price of eggs and animal welfare questions, 2018 -2023.

Finally, the impact of the current inflation on food security was further investigated in a new question in 2023. 80.8% of participants agreed or strongly agreed that they are concerned about the impacts of inflation on food security in Australia (see Figure 12). This mirrors the concern seen in cost of living questions and highlights an important concern emerging about cost of living and the availability and cost of food in the coming year. This presents a challenge for the Australian egg industry to ensure they retain their position as a competitive, trusted and valued nutritional staple product in the context the current difficult economic context.

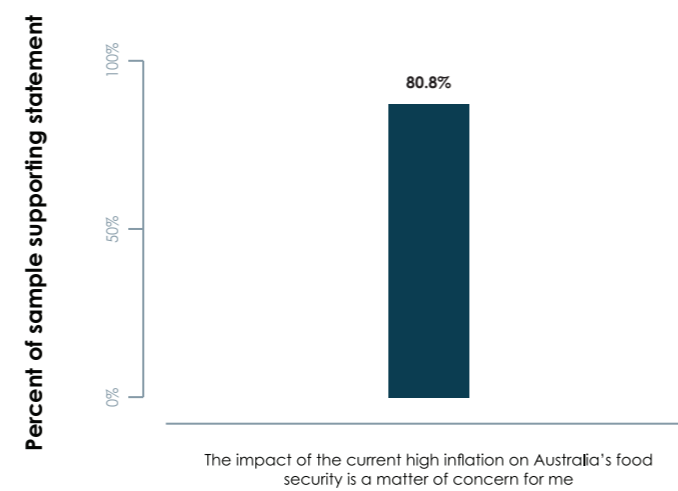


Figure 12. Percentage of agreement with the impact of inflation on food security, 2023.

WHEN I BUY EGGS, I AM CONFIDENT IN WHAT I AM PURCHASING.

In response to comments left by community members in the first three years of the research program, in 2021 items were added to examine the labelling of eggs at the point of sale.

These comments referred to sometimes confusing labelling about production type and the conditions under which hens were kept in different farming systems. To examine this quantitatively, new items were developed and included from 2021 onwards examining traceability and labelling. Over the past three years, the results to these two questions have remained strong and stable, with labelling of egg cartons being highlighted as important by most participants (83%; Figure 13).

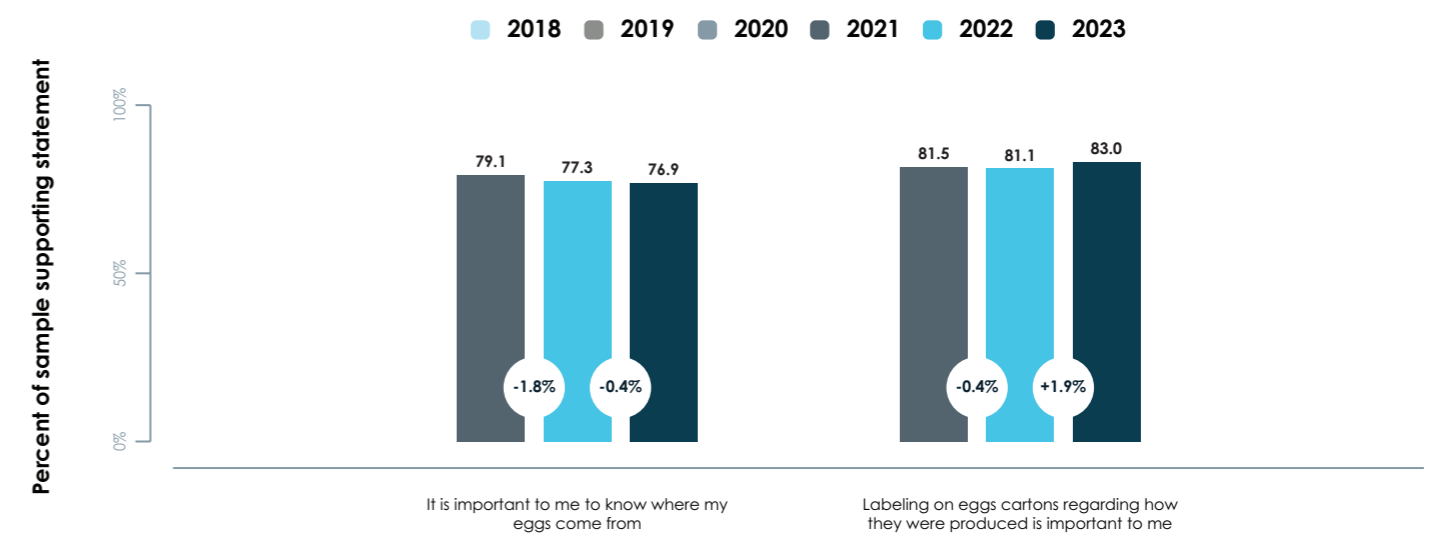


Figure 13. Percentage of agreement with traceability and labelling items, 2021-2023.

The correct labelling of egg products appears to help community in two ways. The first to better understand and identify the product they are buying, including the sustainability and welfare conditions under which they were produced. The second, to provide assurance over the regulatory systems in place over egg farmers. Four questions were asked in relation to the regulatory systems overseeing egg farming, and this year, all seem to have stabilised after a sharp spike attributed to COVID-19 (Figure 14). These factors, in combination with clear labelling, contributes to community confidence in the product they are buying.

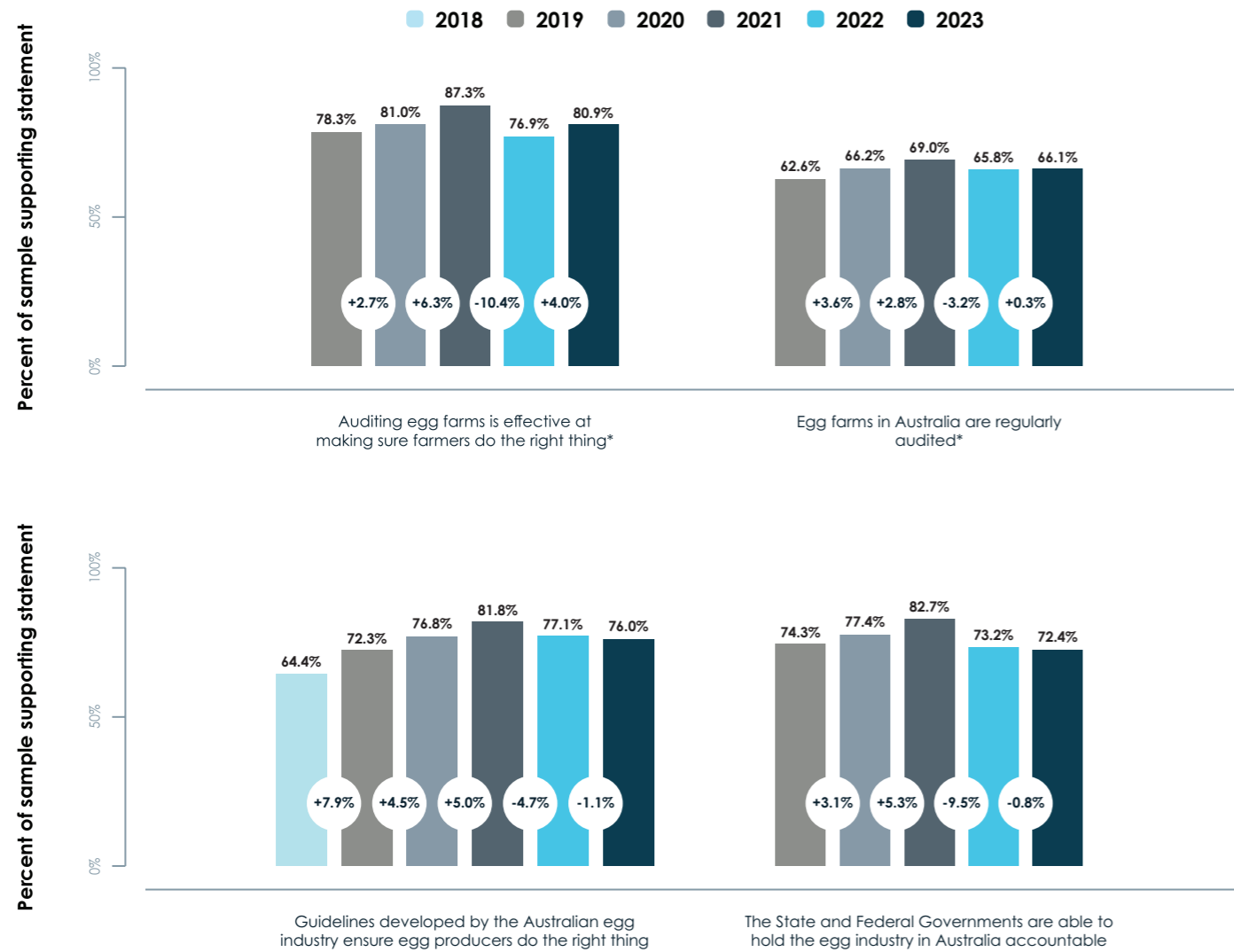


Figure 14. Percentage of agreement with regulation of the egg industry items, 2018-2023.

PRODUCTION SYSTEM TRANSITION SPOTLIGHT

In the 2023 survey, additional questions were added about the transition from caged eggs to barn and free range egg within the Australian egg industry. At the time of data collection, there was considerable attention in the media regarding the Australian Government's commitment to phase out caged hens from egg production by 2036.

We examined this issue from the perspective of costs to facilitate this phase out and the role that large egg retailers (e.g. Coles, Woolworths, Aldi) may play in that context. This appears relevant given 2023 saw a significant decline in community trust in large retailers relative to 2022, from 49.2% to 44.1% of Australians that chose either very much or extremely on this measure (Figure 15).

The first question found that 77% of community agreed or strongly agreed that supermarkets should financially support egg farmers in the transition away from caged eggs to avoid shortages for consumers (see Figure 16). The second new question found that 58% of community agreed or strongly agreed that supermarkets should prioritise the availability of eggs over the decision to remove caged eggs from their shelves (Figure 16).

These data reveal the complicated challenge facing large retailers. While the transition has been marked for completion in the next 13 years, the discussion about this transition is occurring on a context where public trust in retailers has eroded, cost of living pressures are significant and influencing the factors that inform egg purchasing decisions, and the Australian community expect large retailers to support egg farmers through this transition. In addition, a majority of Australians also agree that availability of this affordable source of nutrition should remain the priority for large retailers.

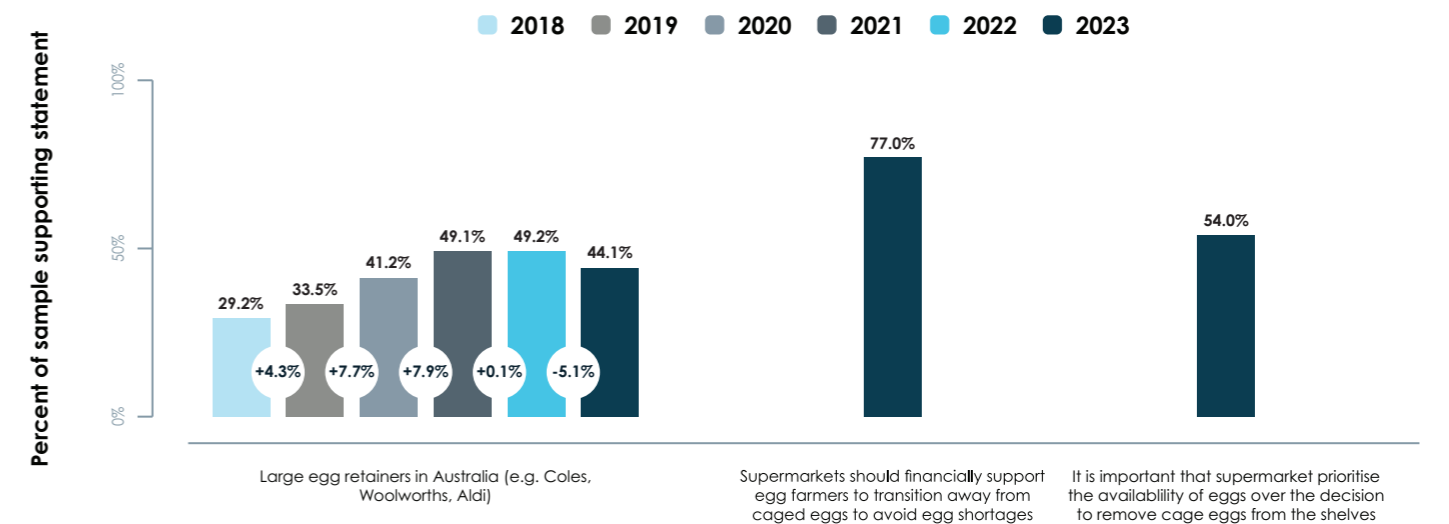


Figure 15. Percentage of agreement with trust in large egg retailers, 2018-2023.

Figure 16. Percentage of agreement that supermarkets should financially support the transition from caged eggs, 2023

CONCLUSION

This program of research, engaging almost 44,000 community members along the way, has provided the Australian egg industry with a blueprint for improving its relationship with the Australian community. The longitudinal data from 2018-2023 highlights the success the egg industry is having in leveraging insights in a productive way, as evidenced by increased community trust and acceptance.

Several elements of the 2023 community research program present opportunity and challenge for the Australian egg industry. Environmental management increased in its relative importance as a driver of trust and acceptance to stand alone as the primary factor informing the industry's social licence to operate. Within the set of questions used to measure and monitor perceived environmental management, one item in particular, stands out as a challenge for the egg industry. It's status as more sustainable relative to other industries has declined over the last three years. While still in strong positive territory, the negative trend on this question presents a challenge and need for continued focus on sustainability by the egg industry.

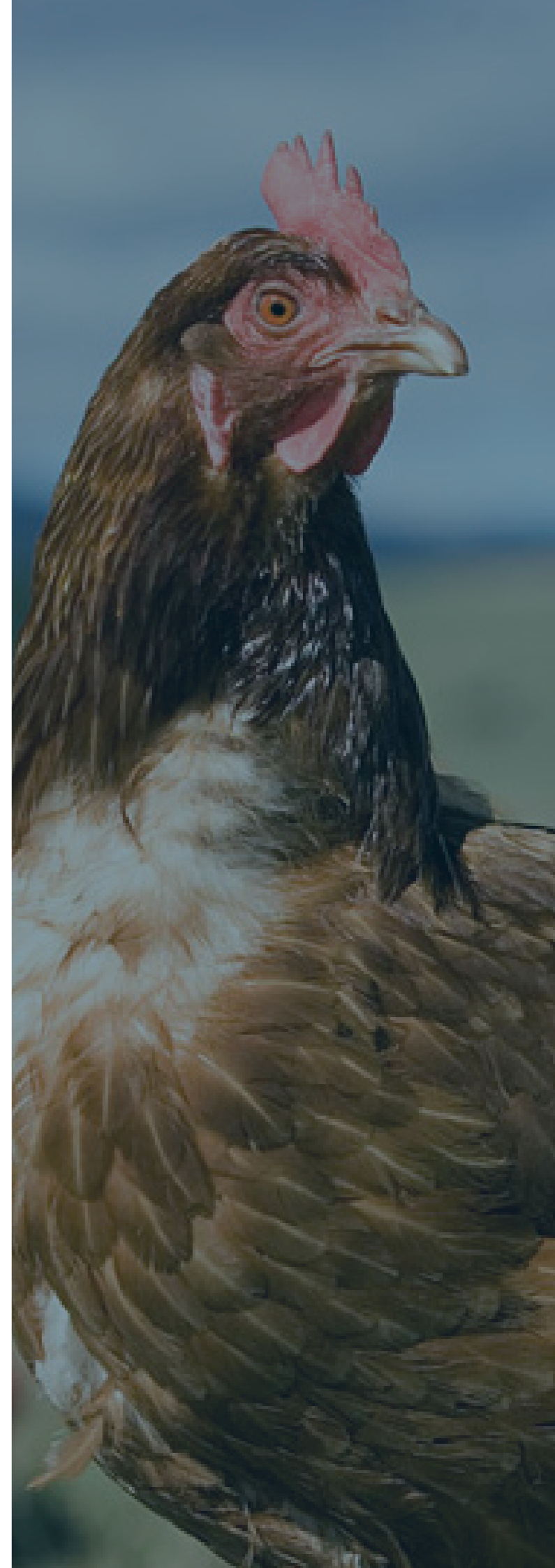
The second key novel feature in this year's research is the broadening of the value proposition for the egg industry among the Australian population. The sustainability of the egg industry compared to other industries and the use of technology for sustainability outcomes both appeared for the first time as significant contributors to this value proposition. These items provide greater dimension to this value

proposition, complementing its consistent incorporation of affordable nutrition, economic contribution to the nation and through local employment, and a good use of natural resources.

In both cases, the elevation of environment and the broadening of the industry's-linked value proposition to include more sustainability-linked dimensions, reinforce the need for the egg industry to deliver against community expectations in the context of constrained environmental resources. This is challenging in a context of significant cost of living pressures and higher than average inflation. Community members have indicated clearly that eggs are an important source of affordable nutrition, that price plays an important role in determining purchasing decisions, and that there is little room to compromise environmental (or welfare) outcomes to help manage costs of production.

This is not an issue unique to the egg industry, but the announcement of a transition away from caged eggs makes this especially focusing. Less eggs in the system at a higher average price point in the context of increasing community expectations around environment and welfare is not an easy combination to navigate. In this year's research, focus questions revealed that Australians expect that the egg industry should be left to bear the costs of this challenge alone, and that availability of eggs is an important concern. Our work has shown almost three quarters of 5,176 Australians surveyed in 2023 expect the large eggs retailers to play an active role in supporting egg farmers through this significant industry transition. While there is time to work through this detail, large retailers also find their own position of trust with the Australian community substantially eroded in 2023 compared to just twelve months ago.

For the egg industry, focusing on what it can control and the strengths it has developed over the last half decade is sensible advice. It has developed a relationship with the Australian community built on procedural fairness, or industry responsiveness. As the second strongest driver of trust and acceptance, community confidence that the egg industry listens to, respects, and is willing to take action on issues of importance to the community is an asset for the egg industry. The strength and stability of community ratings in this area following dramatic positive improvements in the two years following the 2018 baseline data collection in this research program, show that whatever challenges are presented, the egg industry has the capability to work through them in lock step with the communities it serves.





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