

Coles has no beef with paying more for animal-friendly produce

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MEAT and eggs are shaping up as the newest battleground in the fight for market share between Coles and Woolworths.

Having made fresh food a key plank of its five-year turnaround strategy, Coles has now flagged a shift to hormone-free production for all beef, while pork will be sourced only from suppliers who don't use "sow stall" cages to confine their pigs.

Merchandise director John Durkan denies the move has been prompted by food safety concerns,

instead citing research claims by Meat & Livestock Australia that hormone-free beef tastes better.

While the phasing out of hormone growth promoters will raise production costs by "many millions" as animals take longer to raise to required weights, Durkan says the added expense will not be borne by shoppers or producers, but absorbed by Coles in the form of lower margins.

And getting rid of sow stalls — cages that are designed to prevent pregnant pigs from accidentally trampling their young but which have been criticised as unnecessarily confining — would also result in better-quality pork, he

says. "We want to improve the quality of our meat business and we think we'll be rewarded with customers seeing that it's a lot better and deciding to do all of their shopping with Coles."

Meanwhile, Coles also plans to phase out the sale of eggs produced by caged chickens over the next two years, by cutting the price of barn-laid eggs.

"We get so much feedback that customers don't like cages, but some people are compelled because of their budget," Durkan says. By migrating customers to barn-laid, Durkan says, economies of scale will reduce the differential in production costs.

A spokeswoman for Woolworths, which last year ceased selling cage-laid eggs under its in-house Select brand, says the company has no plans to change its meat, egg or poultry offering.

"We work very co-operatively with the industry and we're very proud of the quality and value of the beef we sell," the spokeswoman says.

Woolworths already stocks free-range pork and chicken, as well as free-range and barn-laid eggs.

"There's definitely a consumer demand for it, but there's also consumer demand for value," the spokeswoman says.



AARON FRANCIS

John Durkan says Coles will gain economies of scale