



By AIMEE PICCHI / MONEYWATCH / June 30, 2016, 5:30 AM

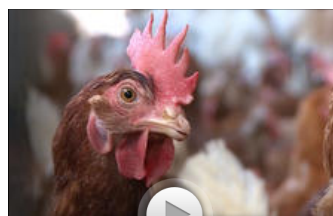
The big business of humanely raised food

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Perdue Foods is planning a feathered revolution, overhauling how it treats chickens from when they hatch until they're "harvested" for the dinner plate.

This week Perdue said it will retrofit chicken houses with windows, providing light for the animals, and it will install systems that put the birds to sleep before they're slaughtered, among other changes. The decision came after Perdue noticed a rising concern in its tracking studies and customer comments with how their food is raised.

One group stood out that felt strongly, said Chairman Jim Perdue. "We heard, especially from millennials, that they want to know more about their food, how their animals were cared for," he said.



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Perdue isn't alone in responding to the concerns of this generation, which now counts as the largest in America. Millennials are the most likely of any generation to buy organic food, for instance, and pay close attention to what food-industry consulting firm Hartman Group calls "product origin stories."

There's big business in catering to the group, as companies ranging from Chipotle (CMG) to Whole Foods (WFM) are tapping into the generation's preoccupations.

Of course, consumers in other generations are also concerned with issues like humane treatment of animals and pesticide use. The bottom line: Demand for nonconventional products is growing, and companies are responding.

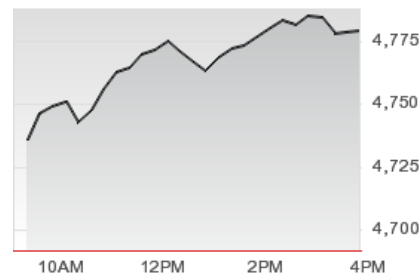
"Seventy percent of people say they care about or are concerned about how animals are raised," said Eric Christianson, chief marketing officer for Perdue. "Millennials tend to skew more" toward that, but it's not the sole generation to be interested in these issues.

Jim Perdue said his company's experience with selling organic chicken also inspired the decision. Perdue bought Coleman, an organic line, five years ago, and

Market Data

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NASDAQ: Jun 30, 2016



Symbol	Last	Change	% Change
DOW	17,694.68	+284.96	+1.64%
NASDAQ	4,779.25	+87.38	+1.86%
S&P 500	2,070.77	+34.68	+1.70%

has experienced 20 percent to 30 percent growth per year during that time.



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What's the difference between "natural" and "organic" food labels?

Yet organic chicken remains a small slice of the overall sales pie, given that it generally costs much more than conventionally raised meat. Sales of organic food account for about 4 percent of total U.S. food sales, according to the U.S. Department of Agriculture.

"We thought maybe we can adapt the organic growing conditions for our Perdue birds without the feed component, which is the most expensive component" of raising organic chickens, Perdue said.

Consumers won't see higher prices at the supermarket, he added. Perdue is absorbing the cost of adding the windows to the chicken houses, and many of the husbandry techniques, such as adding perches, aren't costly, he noted.

"We won't be starting to add 5 cents a pound for beginning this animal care product," he added. "Our objective is to create a product that consumers want to buy that will keep us in business."

Plus, chickens that move around more tend to be more tender and taste better, Perdue said.

"That this product is going to be a superior product for consumers, to me, that's the most important thing," he said. "How it tastes, how tender it is."

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