

CASE STUDY

OPENING CAGES

2nd EDITION

ALI •
ANI
MA •

INDEX

About Alianima 03

About Animal Watch 04

Introduction 05

Methodology 06

Planalto Ovos 07

Sunny Eggs 16

Ovos Mombuca 23

Conclusions 31

Contact 32





About Alianima

Alianima is a non-profit organization that seeks to understand the main bottlenecks faced by factory farming, through a cooperative and continuous relationship with leaders in the food industry.

We develop partnerships, consultancy and free technical support for companies committed to improving the living conditions of animals, in order to assist in the process of implementing good sustainability and animal welfare practices.

Our team has a technical and specialized staff in this area, which bases all actions and materials on technical-scientific data, in order to promote an industry more attentive and concerned with animal suffering, and to raise consumer awareness regarding the origin of their food so that they can make better choices.

Learn more at:



www.alianima.org



OBSERVATÓRIO ANIMAL

About Animal Watch

Over the last few years, technological advances in access to information, combined with growing concerns about health, climate change, and animal abuse, have allowed and instigated the search for more knowledge about the origin of food, as well as the values of the industry applied in practice with regard to ethics and sustainability.

The public announcement of animal welfare commitments by more than 140 companies in the food and hospitality sectors in Brazil has galvanized significant changes across the entire supply chain, particularly as such announcements work with a deadline to complete their implementation.

It is in this context that **Animal Watch** emerges, a platform created by Alianima to give visibility to the public commitments announced by companies in Brazil regarding animal welfare (currently for laying hens and pigs), and to facilitate the monitoring of their process of transition through civil society, so that the commitments are, in fact, fulfilled.

Furthermore, the website offers content on the subject of farm animals with the aim of informing society about the reality of food production, showing how the industry is capable of promoting significant changes in the treatment of animals, and encouraging a more critical and conscious consumption.

Learn more at:



www.observatorioanimal.com.br

Introduction

Implementing effective animal welfare policies is a major challenge. It is a process that not only demands efficient management, but also involves a whole complexity regarding the production chain, composed of important actors, such as producers, equipment and input companies, logistics, marketing, wholesale, and retail. In this process, we also find another important actor, the consumer, who begins to find on the shelf eggs from different production systems without, however, having a clear distinction among them.

Since 2016, the proposal to abolish cages in egg farming has been gaining relevance in the main discussions on animal welfare in Brazil. This change in society's behavior is mainly the result of the work of several organizations that promote the animal welfare agenda with producers, companies, and consumers. **In this context, more than 140 leading companies in various sectors in Brazil committed not to use or sell eggs and/or their byproducts from hens raised in cages.** They are companies in the segments of retail, food manufacturers, and restaurant chains.

The tendency to release commitments for a better level of animal welfare has been solidifying on the national scene, making interaction between the various actors in the egg industry increasingly necessary to make the actions in progress viable. Within this perspective, Alianima started a series of Case Studies in order to learn about strategies adopted by different sectors during the transition to cage-free eggs. In 2021, the **first edition of the Case Study: Opening the Cages was released**, in which representatives of three leading companies that have welfare policies for laying hens were interviewed. This year, the second edition seeks to give visibility to egg producers. We seek to value the efforts of those who have worked to improve the lives of laying hens, encouraging other producers to join the cage-free movement.

Methodology

In the current scenario, many companies already committed to a cage-free policy have faced difficulties in finding egg suppliers to meet their demands. Additionally, there is a lack of guidance to producers for an effective implementation of the transition in their production systems. Thus, Alianima interviewed three successful producers in the production of cage-free and free-range eggs, namely:



Planalto Ovos - Always produced 100% of eggs in cage-free systems, currently totaling 440 thousand birds. The production is fully animal welfare certified;



Sunny Eggs - There are still battery cages, but most of the birds (275 thousand) are cage-free. All cage-free production is animal welfare certified;



Ovos Mombuca - Transitioning from battery cages to the free-range system for the last 5 years, which now has 110 thousand birds. Certified by the Brazilian Association of Alternative Poultry (AVAL) and follows the Brazilian National Standards Organization (ABNT) standards.

All producers were asked about their history in egg farming, current production, challenges, demands, and marketing of cage-free eggs. We seek to understand the strategies adopted by them to overcome the difficulties in the beginning of the cage-free production, as well as the planning and way of inserting their products in the market.

PLANALTO OVOS CASE STUDY



Daniel Mohallem

VETERINARIAN AND FOUNDING PARTNER

“We prioritize animal welfare over production costs, and we believe this business model is sustainable, as well as increasingly coherent as consumer demands become more stringent.”



440,000 BIRDS



CAGE-FREE SYSTEM



FREE-RANGE SYSTEM



PLANS TO INCREASE PRODUCTION



100% WITH CERTIFIED HUMANE LABEL

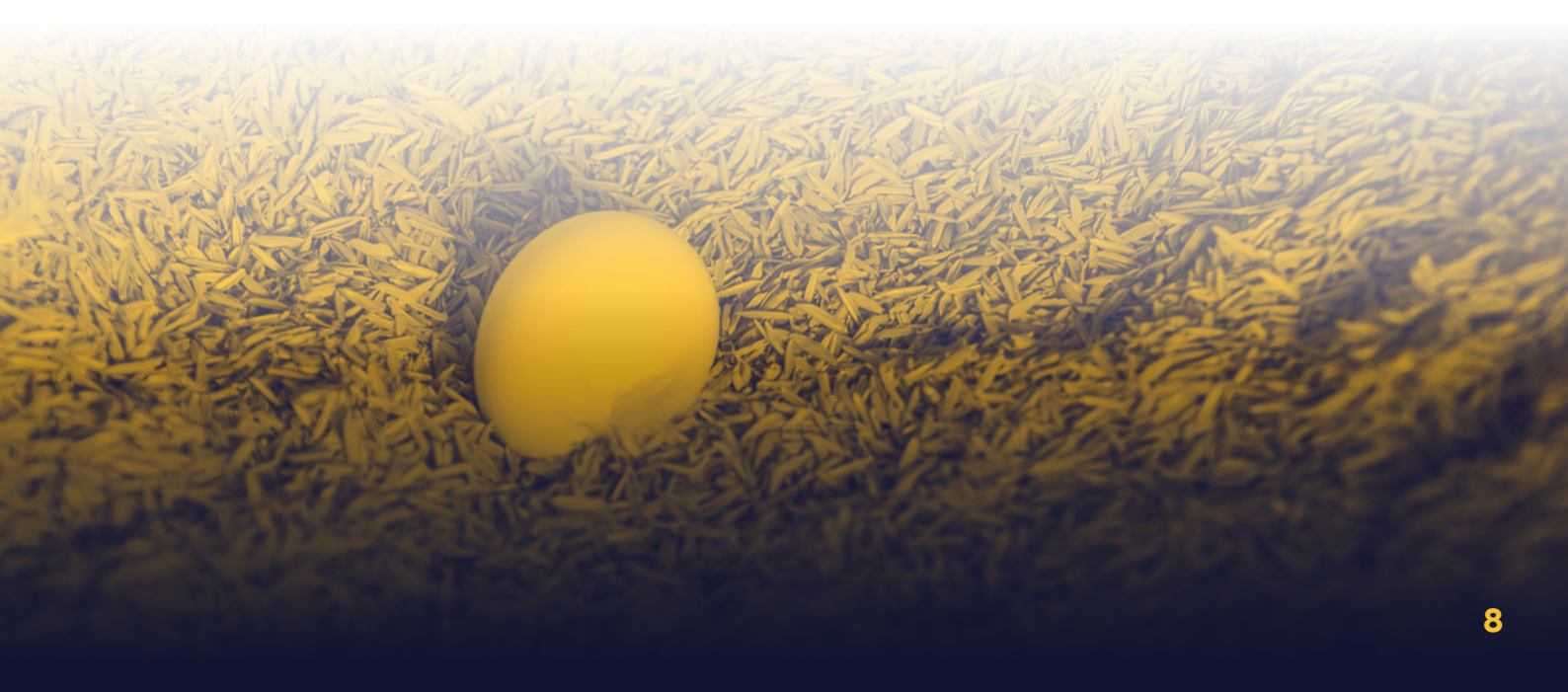
1. History

Planalto Ovos was founded in 2018, in Uberlândia/Minas Gerais, as an alternative to the conventional production means of laying poultry. Based in a privileged region for the wide range of inputs for poultry nutrition, and at the same time logistically well located to access large consumer markets, such as Goiânia, Distrito Federal, São Paulo, and Belo Horizonte, the newly founded company ended up incorporating the knowledge of years of experience in poultry farming of Planalto Farm (1964-2017). As it operates in the field of poultry genetics (grandparents and breeders), both for cutting and laying, Planalto Farm had a production structure focused on biosecurity, whose structural part was used in the new project.

Daniel recalls: “The part of broiler breeders was deactivated, and we ended up with an inactive asset in our hands: the farms, and the feed factory. Therefore, it made perfect sense for us to open a business focused on laying hens, using those sheds that already existed and that never had cages. It didn’t make sense for us to invest in cages to run a laying business, **so we chose to start a 100% cage-free production**, taking advantage of all our knowledge and the best employees we had at the time”.

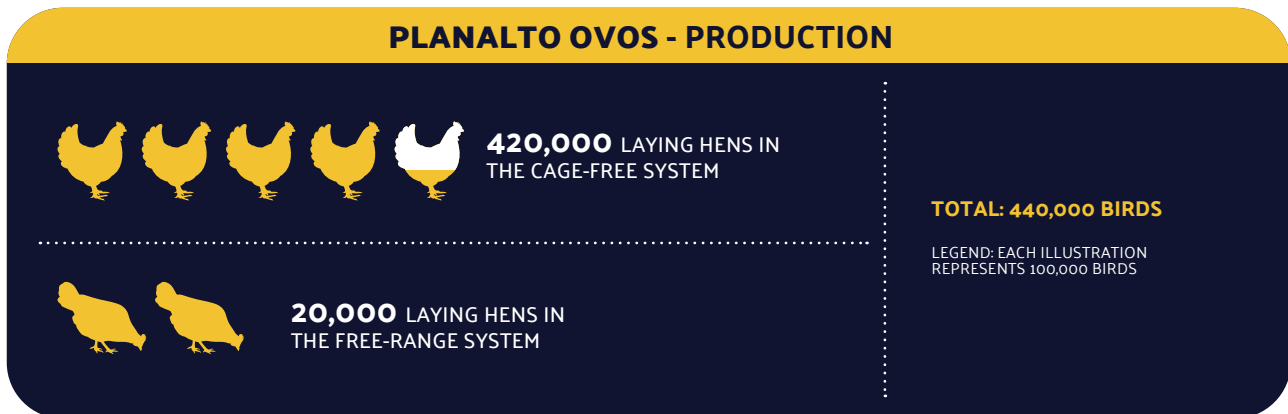
In addition, Daniel has a strong background on animal welfare. As a veterinarian, he worked in multinationals as an animal welfare officer, specifically with swine and poultry. These experiences demonstrated **superior zootechnical performance and quality as a result of better animal welfare conditions**. So, out of conviction, the founders (Daniel and his father, Flávio Mohallem) decided to start an exclusive cage-free production, bringing biosecurity and high quality as essential values for the company.

In summary, **Planalto Ovos prioritizes animal welfare over production costs, and believes that this business model is sustainable, in addition to being consistent with the demands of increasingly conscious consumers.**



2. Production

Currently, Planalto Ovos has two types of egg production: cage-free and free-range, in which birds have external access to pasture. Both systems are on a single tier, and about 15% of the eggs are collected with an automatic system. The other 85% remain with manual nests. The flock is about 440 thousand birds, considering breeding, rearing, and production, with an egg production of approximately 850 boxes per day. Of these, almost 20 thousand birds are housed in free-range system.



Daniel shares that there are plans to reach **around 500 thousand birds in early 2023**, with a total capacity of **up to 620 thousand chickens**: “We are attentive to market movements and we have the capacity to increase production if there is a general heating of the market or increased demand for eggs from cage-free or free-range hens”.

One of Planalto Ovos’ concerns has always been **to avoid the use of antibiotics**, which, unfortunately, are still part of the daily routine of most Brazilian farms as growth promoters and performance enhancers. To follow up on this plan, three strategies are currently used: probiotics, essential oils, and organic acids. In addition, the nutrition is balanced and includes all the vitamins necessary to strengthen the birds’ immune system, even if the concentration required represents a relatively high-cost increase. Regarding free-range, an even greater concentration is used to boost their immunity to face possible challenges that arise due to the fact that the birds have external access.



Despite this, Daniel points out that the free-range birds are very healthy: “I would say that the intestinal health - which practically guides the chicken’s entire health - of free-range flocks is even better than that of cage-free ones. It is a pleasant surprise, because we expected to face more difficulties in the free-range. (...) Another factor that helps us is the fact that our farm is isolated and does not have any other birds nearby, except for the wild animals of the region”.

Regarding production costs, there have been quite significant increases recently, mainly in feed inputs and packaging material. However, as these costs apply to all production systems - including battery cages - they result in a slight reduction in the price range between different types of eggs, **making cage-free options more affordable** to the consumer.

In addition, an important point in cage-free production is the **job satisfaction of the employees** who deal with the chickens on a daily basis. Although Planalto Ovos does not have cages to serve as a basis for comparison, several employees have already expressed their satisfaction in contributing to the well-being of hens, that live free and can perform important natural behaviors, such as freely scratching, laying eggs in nests, taking sand baths, among others.

Daniel points out: “It must be considered that the interaction between operators and birds is much more intense in alternative systems (cage-free, free-range, organic). Therefore, there is a need to select employees who have a profile of care for the animals and who, naturally, are more satisfied when they perceive that the birds are being well treated”.



3. Challenges

3.1 Initial

The main challenge has always been to be able to value animal welfare as a differential attribute of the product and to provide a price compatible with production costs. Planalto Ovos initial strategy was based on five main fronts:



Certification: it is a way of communicating to customers and consumers that the breeding system meets strict animal welfare standards, attested with all the credibility of an internationally recognized certifier;



Production scale: due to the production model with high biosecurity adopted by Planalto Ovos, production costs are even more pressured than in other cage-free scenarios. The alternative to alleviate this situation without compromising the quality of the product was to seek scale gains;



Partnership with other companies: consists of supplying certified eggs for other farms to sell under their own brand, or for egg processing companies, always formalized in a contract with a bonus for the certified product;



High production performance: instead of focusing on reducing costs (nutrition, vaccines, labor, etc.), efforts are more focused on seeking gains in performance results that recover part of the inherent expenses;



Fighting waste: although the focus is not to flatten costs, care is taken to reduce waste, especially with feed, labor, and logistics.

At the same time, other ways of trying to overcome these challenges were being developed, such as marketing actions at a regional level (TV, promoters at sale points, participation in events, sponsorships, and social networks), development of a label with clear and assertive communication, access to new markets that are already more used to valuing animal welfare, and reinforcement of the commercial team.

In general, the technical challenges were more easily circumvented. Due to the experience of the technical team and the initial planning of the business, many of the challenges were foreseen and prevented even before the start of the production. However, one challenge remains constant: the workforce, especially regarding employee training, retention, and motivation.

3.2 Current



Consumer awareness: despite the heterogeneity in the degree of consumer information about hens rearing systems, in general, it is still relatively low, and in large centers it is already more advanced;



Purchasing power: the egg has an important historical role in Brazil, being a source of animal protein at an affordable price. However, with the economic crisis triggered by the Covid-19 pandemic, eggs produced in alternative farming systems are not becoming popular as quickly as expected;



Nomenclatures and communication difficulties: the terminologies used were adapted to Portuguese based on terms from other countries. Some of them do not communicate the consumer clearly, such as “cage-free”, originating in English-speaking countries, which refers to a category that encompasses several production systems, not just flooring and aviary. Another problem is that, due to the lack of an official standardization of the nomenclature, several producers use different terms to try to highlight the attributes of the product, which can generate confusion at the points of sale;



Disloyalty and mistrust: some producers mislead consumers by stamping images of hens grazing in beautiful landscapes on the labels of eggs that are actually produced in cage rearing systems. This characterizes unfair competition and generates distrust by consumers. Another situation that also constitutes unfair competition is when informal producers, who do not have a registration or sanitary inspection service, do not pay taxes and do not comply with a multitude of permits and licenses, sell eggs in the same sales channels as producers who follow the formal economy.



Excessive bureaucracy: there are many governmental requirements that change constantly and often go beyond the technical scope, making it not a simple task for the producer to keep up to date and meet all requirements;



Regulatory vacuum and lack of supervision: the topic has recently got more attention from the competent authorities, but, even so, there is a lack of clear rules to regulate the technical aspects of the different production systems. Moreover, the resources and labor availability are insufficient to effectively inspect the entire national territory.

4. Demand

The demand for cage-free eggs in the region of Uberlândia/Minas Gerais is still low. However, Planalto Ovos was able to perceive, through partners that serve other regions, a gradual increase in this demand, apparently driven by large retail chains and some multinational companies (restaurant chains, pasta and mayonnaise manufacturers, etc). Daniel believes that there will be a significant increase in demand when the final consumer reaches a higher level of awareness and is more evenly distributed in different regions of the country.

According to Daniel, current projections indicate a trend towards a reduction in per capita consumption of eggs in Brazil, but the percentage share of cage-free eggs should remain, or even increase, even in this scenario of economic uncertainty. “The three largest farms in Brazil already have alternative breeding systems, having already gone through the system’s learning phases and showing rapid replication capacity. In addition, several small and medium-sized farms have been investing in cage-free breeding, but many of them are still going through a learning phase. Cage-free egg producers are fully capable of meeting the demand, but this production needs to be fostered with a gradual and increasing demand. It is unfeasible to expect the demand to be met satisfactorily if it remains low or rises disproportionately without proper appreciation of the attributes of cage-free eggs,” he says.

Animal welfare NGOs and sectoral institutions, mainly Brazil Eggs Institute and the Brazilian Association of Animal Protein (ABPA), have done an excellent job in disseminating the most relevant information. There is still a long way to go, but apparently the actions are being efficient.

Daniel is optimistic: “I believe that the movement has maintained the course that was traced until 2025. New producers have joined the system, but within production volumes very close to those forecasted. There is an intrinsic evolution of the market that has confirmed the optimistic forecasts that had been previously made. We remain confident that the cage-free egg, by the end of 2025, will occupy a market share of between 20 and 25%”.



5. Focus On Animal Welfare

Planalto Ovos is already **100% cage-free** and claims that it will never invest in any cage system. What's more, the company intends to go further and ensure that other animal welfare issues are met during all phases, as the following

- **100% cage-free;**
- **High animal welfare standards:** 100% of the flock animal welfare certified by third-party audit;
- **Antibiotic-free:** the high biosecurity combined with the use of alternative products allows Planalto Ovos not to use antibiotics, and they intend to certify the flock in the future;
- **Biosecurity:** high standards of health and a flock free of e *Salmonella* spp.;
- **Debeaking:** soft beak and infrared treatment;
- **Foster technologies to prevent male chick discard:** such as in-ovo sexing.



6. Final Message

Daniel concludes: “Eggs cannot be treated as a commodity. It is essential that the attributes of cage-free systems are valued as a way of promoting producers to effectively distinguish their production systems. The task of stimulating consumer awareness is arduous and must be carried out by different agents on an ongoing basis to be successful. Planalto Ovos is very pleased to always contribute to Alianima, and we are honored to be recognized as a successful example among cage-free egg producers”.

Learn more at:



<https://planaltoovos.com.br>



SUNNY EGGS CASE STUDY



Hélio Paiva
PRESIDENT

“ (...) if I had to start a thousand times working with hens, a thousand times I would start with cage-free (...) ”



275,000
CAGE-FREE BIRDS



CAGE AND CAGE-FREE
SYSTEMS



PLANS TO INCREASE
CAGE-FREE
PRODUCTION

1. History

Sunny Eggs history began in 2018, with the modification of the old broiler farms that the company already had. As the facilities were already set and there were no cages, they decided to start producing eggs with free-range birds. The only change made was the placement of automatic nests. The farms are located in Catalão/Goiás, strategically close to major centers such as Brasília, Goiânia, Uberlândia, and Belo Horizonte, where the production can be shipped.

Hélio recalls how the appreciation of cage-free eggs helped in the decision: “One thing is certain for those starting out: if you say you have a cage-free farm, you have certain advantages, you go to the front of the line. But if you say you have a conventional system, they consider you more of the mainstream. What helped us get started in laying poultry was the fact that it is cage-free. This type of system gives you an opportunity to leverage, to enter the market much more easily than if you have a conventional production. Cage-free allows you to have both competitiveness and productivity”.



2. Production

Today, Sunny Eggs has a total of 375 thousand chickens. Of these, 100 thousand are in cages and the other 275 thousand are in the cage-free system (without external access), being white and red. The aviaries are single-floored, with automatic nests and all cage-free production is animal welfare certified by Certified Humane.



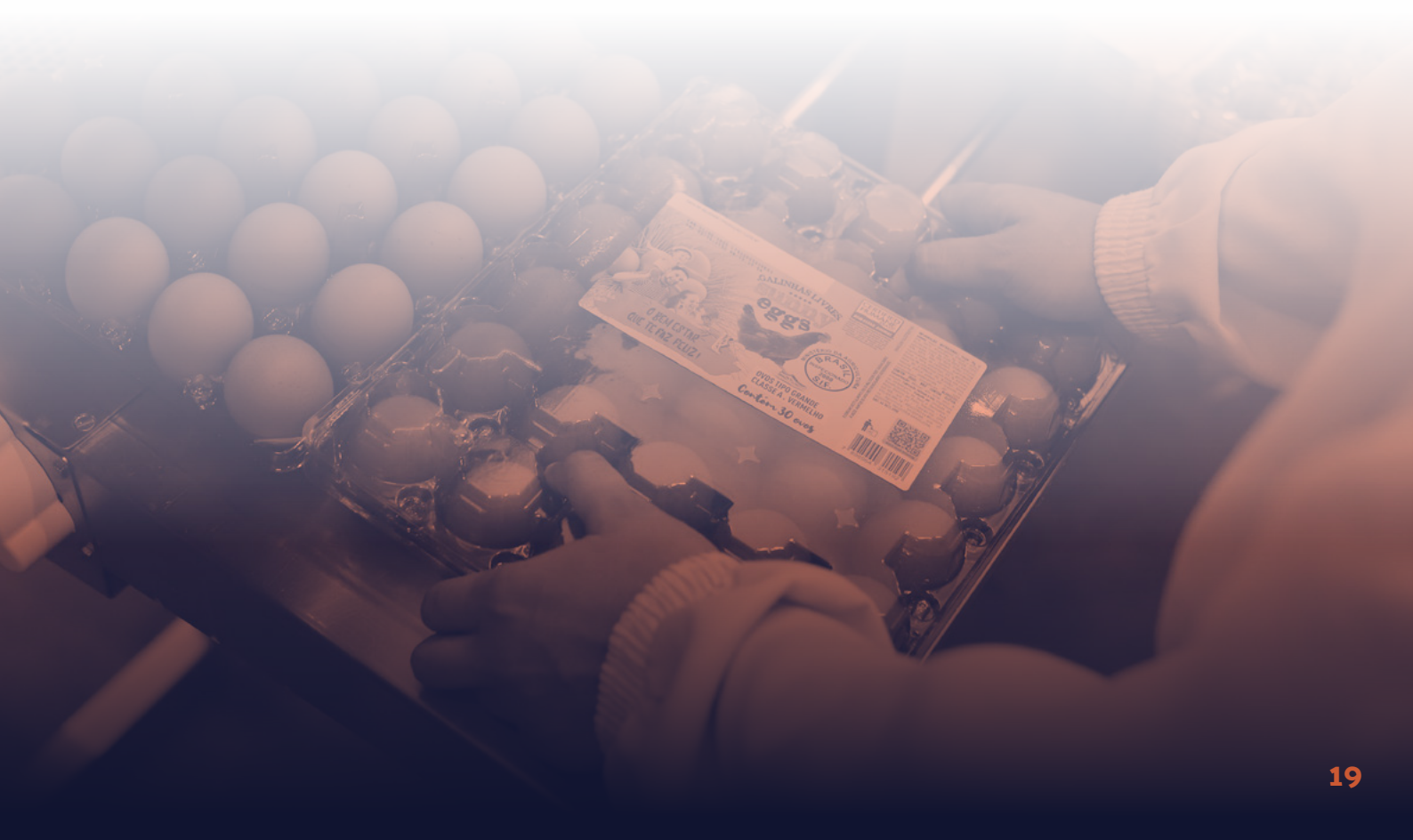
Cage production started two years ago, shortly after cage-free production was installed. However, Hélio says he is dissatisfied with the former: **“If there’s one thing I regret, it’s having invested in a cage system. (...) Handling is complicated and it’s not a business that pays itself. When you’re starting a business, you hear a lot of things, good and bad, and end up making some choices because you still don’t have the necessary critical sense. Our cage system ended up coming together with the cage-free, but they are different brands: all eggs from caged hens are sold under the *Ovos da Família* brand, and those from the cage-free production are from Sunny Eggs. *Ovos da Família* goes to the shelves R\$5,00 cheaper, but the chickens are the same and receive exactly the same feed. Even though the cost of implantation is lower in cages, [this conventional egg] has no differentiation in the market [as the cage-free has]. It was really something that didn’t pay off, it was a negative thing for the production.”**

Sunny Eggs positions its cage-free eggs as a product above the conventional egg, but below the free-range egg, as the birds do not have external access and are always inside the shed. Despite being confined, the animals remain free within the shed and get all the necessary resources to perform their natural behaviors, such as a substrate for dust baths, enough perches for all to roost at the same time, automatic nests, in addition to other requirements in animal welfare certification.

The value of cage-free eggs remains as an intermediary in the market, making them more affordable: “The cage-free [egg price] is a little above the conventional, but well below the free-range. (...) What happens is that cage-free is still not widely understood [by consumers]. The free-range reminds people of chickens loose and free on the field farm, and the cage one, is the so-called ‘egg from the factory farm. Consumers end up forgetting that there is this intermediary that is as good as the free-range”.

Recently, Sunny Eggs decided to innovate and **started the cage-free egg processing part**. Processed eggs (pasteurized, liquid or powder) are generally used by large companies in the food sector in the manufacture of mayonnaise, cheese bread, snacks, among other industrialized products. Many of these companies have committed to using only cage-free eggs in their products by 2025 or earlier, so Hélio sees great potential in this sector. However, he recognizes that, as he is new to this market, he has encountered difficulties: “I still haven’t been able to find this market. It’s not easy to sell a by-product. I think the industry wants the cage-free egg, but it’s not ready yet [to pay more for it]. It’s still using ‘the cheapest’ egg that comes from the cages.”

Generally, the eggs used for processing are those that do not have enough quality to go on the shelves to be sold *in natura*, such as eggs from litter, dirty or with a cracked shell. For this evaluation, the eggs undergo an analysis called egg candling, which can be performed manually or automatically. First, cracked eggs are removed. Then, they pass through a crack detector, being then directed to the breaking room, where the processing itself begins.



3. Challenges

As the farm already had a history in the production of broiler chickens, the first challenge was to understand the differences between the production systems. Another great challenge was to obtain regularization and all authorizations from the Brazilian Ministry of Agriculture (MAPA): “This is the beginning of the challenge. First you must make ‘your house’ right. Then there’s all the waiting time for regularization and then there’s the issue of labeling. It is a bureaucratic process, which has a reason to exist because there has to be control. But for those starting out, especially with little capital, it is difficult because MAPA’s demands are high”, recalls Hélio.

Regarding animal handling, early on some farms experienced problems with floor eggs (or litter eggs). The hens laid about 50% of the eggs directly on the bedding, on the floor. This is not desirable, because those eggs must be discarded or sold at a lower price to the processing industry. In addition, more employees were needed per aviary: one for watching the birds and another for the litter eggs, which increased the production cost. However, with learning, persistence and experience, they were able to drastically reduce litter eggs to approximately 7%, in addition to not needing as many employees to take care of the aviaries. Today, each employee takes care of up to 15 thousand birds.

Hélio emphasizes the importance of time and experience in the success of the production: “You learn, you put things in place, you manage, and you pass. These are things that only time teaches you”.

The beginning of the sale of fresh eggs to supermarkets was difficult, but Sunny Eggs managed to overcome the challenges **thanks to the large retail chains already committed to selling exclusively cage-free eggs by 2028 or earlier**: “The large supermarket chains are the ones who are providing support for this scenario to develop, especially those that have announced [a cage-free] the commitment, such as GPA, Walmart (which became BIG), Carrefour, and Cencosud. Thanks to that we were able to enter the market”.



4. Marketing

The product marketing and promotion sector has always been prioritized by Sunny Eggs, with a special focus on explaining what cage-free eggs are to the consumer. Some strategies used are:

1. Confidence in the product: Sunny Eggs trusts that its product is good and guarantees that the choice for its egg is the most assertive. This comes from trust in the quality production processes: “Our job is to show this to the consumer. He knows that for the same price [between two similar products] it’s worth getting Sunny Eggs. This is the type of marketing that I clearly deliver to people, and that is embedded in the quality of that egg, thus valuing my product”, he explains.

2. Promotion directly on the shelves: something fundamental since when they started and until today is having a sales promoter in stores. The promoter not only replaces the trays on the shelf, but also approaches the customer and tells them about the attributes and advantages of Sunny Eggs, such as being cage-free, antibiotic-free, and also provides egg tastings in a variety of ways, such as omelets for customers in the stores.

3. Captivating visual materials: a Sunny Eggs trademark is the chicken running with its colorful sneakers, which is at all points of sale and on the brand’s social media. It clearly alludes to the chickens that are free and can move around at freewill. Sunny Eggs also has a stylized van that stays close to the eggs during small fairs in supermarkets, making a fun allusion to the already known “egg van” (Brazilian culture of eggs being sold around the neighborhood by a van passing by the houses)”.

4. Various certifications and seals on the packaging: As a way of increasingly informing about the production processes of Sunny Eggs, Hélio has sought certifications and seals in order to communicate this to consumers and differentiate itself from competitors. The Certified Humane seal is already on the packaging and the next step is now to place the antibiotic-free seal.



5. Final Message

Finally, Hélio states that: “Being at Sunny Eggs and participating in this transformation process of [egg] production, qualifying cage-free eggs as financially viable and setting a new parameter of animal welfare, reflects by far our satisfaction, whether financial or personal. The egg sector is going through a very difficult time, but even so, I feel much happier being cage-free. The quality of my product makes the difference, and my eggs don’t stay too long on the shelf. We have an average inventory turnover of 15 days in the supermarket and a reasonable profitability, given the circumstances in which we are being strongly impacted by the costs of raw materials. More and more we see companies interested in our products, whether *in natura* egg, red or white, or in our pasteurized egg, whose production just started. Whoever sells the chicks to us has a booklet to fill in every day with the animals’ performance. And we can clearly notice that the performance of the cage-free chicken is always above the table. (...) Our quality is reflected when we take it to the consumer at an affordable price, very little above the conventional and below the free-range. I believe that we have a promising future, even though we are facing this moment of extreme difficulty for the sector.

If there’s one thing I don’t regret, it’s starting with cage-free. If I had to start working with chicken a thousand times, a thousand times I would start with cage-free, because it’s differentiated”.

Learn more at:



<http://sunnyeggs.com.br/>

OVOS MOMBUCA CASE STUDY



Tiago Wakiyama
ASSOCIATE

“ Before, Mombuca had 75% of egg production in a conventional system and 25% in alternative production, and today we have reversed the scenario. That’s what made us survive. ”



150,000 BIRDS



FREE-RANGE SYSTEM



PLANS TO INCREASE
CAGE-FREE
PRODUCTION

1. History

Mombuca is a family business that is celebrating its 46th anniversary in 2022, and its history began with the Japanese immigration to Brazil. In 1963, about 100 Japanese families came to the country and settled in the region of Ribeirão Preto/São Paulo. First, the idea was to carry out a rice production project on artificially flooded lands in the city of Guatapar. Unfortunately, the project was unsuccessful and ended up being terminated after three years. The families that remained in the region began to practice other economic activities, such as fruit growing and egg farming. Tiago proudly says: “My father founded the company alone 46 years ago. (...) And now we’re in the second generation: I work in the production part, and my brother works in the marketing sector”.

From the beginning, animals were raised in cages. Then, in 2017, due to the need to increase production, the family arrived in the city of Descalvado, located in the same region. The city was once the broiler capital of the state of São Paulo, but it was going through a difficult period. The region’s cooperative, which employed more than 40% of the economically active population, had gone bankrupt and many farms were out of business. Mombuca then leased a broiler breeder farm, which already had the entire structure without any cage, and started raising the birds in the alternative system. In the beginning, they started with white hens, due to the appreciation of the white egg in the market, and over time they migrated to red hens, giving them external access and changing entirely to the free-range system in the molds required by ABNT.

Tiago says: “Many producers today are going through a very critical moment. Due to the Covid-19 pandemic, we have been facing a very large sectoral crisis in the last two years. Several of our colleagues from the Japanese colony, with family businesses with 30, 40 years of history [with production in cages], went bankrupt. And thanks to the free-range system, which adds more value to the product, we managed to get this far”.

2. Production

Since 2017, Mombuca has been carrying out the transition process from the conventional production system in cages to the cage-free system. The change was driven by market and product margin issues. Today, **Mombuca has 25% of its flock composed of birds raised in cages (40 thousand) and an incredible 75% (110 thousand) raised in the free-range system.** Furthermore, the company has **no intention of increasing production in cages.** On the contrary, all efforts and investments are geared entirely towards the free-range production. “Free-range and organic eggs have a higher [profit] margin, which is an interesting profile for small producers. We cannot forget that, like the whole process of the commodity phenomenon, as was the case with orange juice and sugar cane here in our region, there is a polarization of large and small producers. This has already happened with chicken, and today it happens with eggs. In this process, the most affected end up being small producers, so we also must consider the social impact. And how can we make something that is good for both sides, both for animals and for people? **When we take the birds out of the cages, we produce eggs with a positive concept, in addition to being able to count on the support of NGOs, generating something very interesting.** In a practical way: we are the case of those who really made the transition. Before, Mombuca had 75% of egg production in a conventional system and 25% in an alternative production, and today we have reversed the scenario. That’s what made us survive. We saw the positive side [of cage-free production], and it worked”, explains Tiago.



On the human issue in production, Mombuca recognizes that **the relationship between employees and animals has improved in the cage-free system**. Due to the fact that free-roaming birds have a more docile behavior, they are comfortable and not surprised by the daily proximity to the employee, which creates a greater bond between them. This ends up making the employees work with more satisfaction as they feel part of the success of both the farm and the lives of those animals.

Regarding the use of antibiotics, an adaptation was made to ban the use of these drugs in the cage-free system. Tiago recognizes the evolution in this process: “I talk a lot with my father about the time when these chemical treatments didn’t exist. The Japanese already have a lot of this ‘alternative’ technology, such as the use of probiotics, among other substances. He said that, since birds don’t have a very developed sense of taste, he made constant use of garlic and pepper, for example. Including pepper in the feed helps in the proper functioning of the birds’ circulatory and immune systems.

“We are starting to return to this model, with the advantage that now science allows us to extract the active principles, the really essential points of both phytotherapy and probiotics, and treatments are becoming more and more efficient. Underdosed antibiotics focused on the digestive part used as growth promoters have been replaced by probiotics, organic acids and herbal medicines, such as essential oils. And all these compounds work super well for the control of ectoparasites, as well as garlic, which is very functional. Putting a garlic head in the water tank for the birds to drink and then mixing the leftover garlic into the feed is something we’ve been doing. We are back to using these ‘technologies’ that were previously called alternatives and are now becoming standard. It works really well!” he says.

It is not recommended to use drugs or substances without professional guidance.

3. Challenges

The initial challenge was to get around the prejudice of raising cage-free birds on the ground. Because their entire history was focused on production in cages, they believed that the cage-free system would be like taking “three steps back” in relation to technological advances and health issues, since the birds are in contact with the ground. However, as soon as they started production on the new system, they saw that the points were just different and not even challenges.

“We didn’t have so many difficulties, neither in terms of production nor in terms of health, especially because our production model already validated a lot of things. Basically, what happens differently between caged birds and free birds is that there is an increase in the operational process. (...) The costs of labor and training are higher. I consider that the differences are not even challenges, but just a matter of adaptation,” concludes Tiago.

Nowadays, Tiago highlights two major points of cost increase in the free-range production when compared to cages:



1. Labor: The operational cost represents around 10% of total production expense. While in a conventional system with cages in a highly automated farm, each individual can handle around 50 thousand birds, in the Californian system (also in cages) it would take about five people to handle the same number of birds. In the cage-free system, around 16 people are needed.



2. Nutrition: The second point is the nutritional values, mainly related to pigmentations. The use of pigments in the feed to improve the color of the yolk is a great appeal of the free-range egg market. Mombuca has the seal of AVA, which requires ABNT standards for the free-range system, which in turn determines that the pigment must have a natural origin. Thus, paprika is used to enhance the red color, and calendula flower (marigold) is used as a yellow pigment. The second is imported from Mexico, which means that the value of feed per ton has increased significantly.

Tiago concludes: “Currently, these two points are basically what I highlight as relevant for the production of cage-free birds. With free-range production, it’s possible to increase the price of the egg by up to 1.7 times when compared to conventional production, which makes it possible to cover all these costs and still generate an interesting [profit] margin. In other words, it is a worthwhile market given the current situation: many people went bankrupt and today we’ve survived thanks to the free-range egg”.

4. Demand

The demand for cage-free eggs has grown over the years, mainly due to the commitments made by companies in the food sector to exclusively use and sell these products, replacing conventional ones. Mombuca's expectation is that demand will continue to increase more and more, as the terms of the commitments come to an end. And the company has been preparing to serve and promote this market: "We sell the positive side of letting the birds free".

In addition, Tiago sees much of the culture and nostalgia of the countryside rooted in the search for and purchase of free-range eggs: "The rural exodus in Brazil is recent, dating from the 1970s. When our grandparents or parents lived in the countryside, they used to look for the egg in the backyard, where the birds were free. Therefore, the appeal of this market is very strong and follows the growth in egg consumption that we had in Brazil, today with 230-240 eggs per capita. And now, **the new generations, which will become a consumer market very soon, have the privilege of being accompanied by this very interesting movement on the part of Alianima and other NGOs, which bring knowledge about production systems and animal welfare.** Many children are already seeking this awareness of animal welfare, of animals being treated well throughout their lives. After all, if we're going to obtain a product from them, the least we must do is take good care of them".



5. Marketing

Regarding the advertising and marketing of cage-free eggs, Mombuca also sees significant differences, as conventional eggs are sold as only an egg - with no market differentiation -, and cage-free eggs are seen with more attributes. Tiago shares some of the strategies used by Mombuca: “We work hard on selling the concept, which ends up adding value to the egg. The cost of production increases, but the consumers themselves also create this appreciation. We always try to show how humans deal with animals, how we are handling birds in the best possible way so that there is no mistreatment. This is a very relevant point on our social media and that generates a lot of engagement. And it’s something aesthetically beautiful to see the birds strolling through the open areas, on a lawn, pecking and stretching their wings”.

Images and videos of the production are constantly shared on social media and on product packaging, highlighting the company’s transparency and underlining the issue of animal welfare. Today, 90% of marketing is aimed at bringing the final consumer closer to the countryside, in addition to showing how the food that arrives at their family’s table is produced.

“I believe that this transparency and sincerity in really showing how we handle birds is a great asset and something very honest. And this also ends up becoming an incentive to continue on this path,” he adds.



6. Final Message

As a conclusion, Tiago points out: “Today, the poultry industry is experiencing a major sectoral crisis. As a small family business, I see that in this situation there are some opportunities and horizons that need to be valued. In this line of reasoning, I see that the production of cage-free birds, which incorporates concepts of animal welfare, includes a lot of small producers, who are already very massacred. (...) I associate this issue of releasing the birds with the increase in the positive product concept, with the egg appreciation and even with the issues of increasing financial margins for the producer.

In my view, as an example of our company, what made us survive in the market until today in the face of this crisis, was precisely to have a product with more margin, which gave us the opportunity to continue bringing a quality product to the consumer’s table.

I see that the production of an egg with greater added value, whether free-range, organic or cage-free, allows the creation of a new productive sector. (...) We have proportionally increased the free-range production and, thanks to that, we’re here seeing new horizons and being able to increase investments in the production of cage-free eggs.”

Learn more at:

 <https://ovosmombuca.com.br/>

Conclusions

It is notable that the interviewed producers have a strong engagement with cage-free production and animal welfare. Whether 100% cage-free or as part of the production, they understand that the product has a great competitive advantage, being a great alternative not only for large producers, but also for small and medium-sized ones to enter and remain in the market. The viability of producing cage-free eggs was evident among the interviewees and, in some cases, this market was essential for the company's financial health.

Another extremely important item is communication with consumers and buyers, which must be clear and transparent. In this sense, the most diverse marketing and product promotion strategies proved to be key at this time. This factor should be taken as an example by other producers who already have, are in the process of transition, or by those who are still considering starting cage-free egg production.

Additionally, the role of NGOs proved to be important during the transition, building bridges between producers and buyers, as well as bringing relevant knowledge and information to assist throughout the process, recognizing the efforts of producers.

Challenges will exist, but with learning and experience, it is possible to overcome them and build a more ethical and sustainable world for both animals and humans.

Want to know how Alianima can help in the adoption and implementation of animal welfare policies? **[Contact us!](#)**



Follow up Alianima in social media

 [@alianima.br](https://www.instagram.com/alianima.br)

 [/alianima](https://www.linkedin.com/company/alianima)

 [/alianima](https://www.youtube.com/channel/UC...)

 [/alianima.br](https://www.facebook.com/alianima.br)

 [@alianima_br](https://twitter.com/alianima_br)

Scan this QR Code
to learn more.



ALI •
• ANI
MA •

Learn about the Animal Watch.
Access: www.observatorioanimal.com.br



OBSERVATÓRIO
ANIMAL