

Easter Shell Egg Marketing 2018

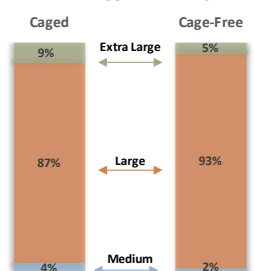
In November 1978, the Highland Manufacturing and Sales Co. was issued a patent for the hinged, plastic Easter egg, forever changing the way we look at eggs at Easter. Or did it? During Easter 1979, per capita disappearance of eggs was 23 eggs (277.9 for the year). During Easter 2018, per capita disappearance of shell eggs was 23 (not a typo) with an estimated annual rate of 277.6. Not much change in nearly 40 years! Despite concerns that plastic would erode demand for real eggs, the two seem to have formed an uneasy truce between their established niches with real eggs still popular for coloring and eating, and plastic eggs the choice for egg hunts. Easter is the single most significant shell egg demand event on the calendar where, unlike the Thanksgiving-Christmas demand season, marketing is focused into a narrow period. Shell eggs were popular with consumers at Easter 2018 and it is estimated that 7.6 shell eggs were used by each U.S. household, a 16 percent increase over 2017 and only 2 percent below the 7.8 rate reached in 2015, the highest since 2010.

During the Easter 2018 season, market forces aligned to drive wholesale prices to their highest levels since avian influenza (AI) outbreaks decimated the U.S. table egg layer flock in May-June 2015. Easter Sunday was on April 1, 2018 - Easter and Fool's Day haven't aligned since 1956 and won't again until 2029. As is typical, 6 weeks ahead of Easter, wholesale markets began to stir as marketers start to align supplies with anticipated needs for holiday carton egg business. Normally during Easter, egg breakers assume a low profile in the marketplace as offerings are reduced by increased demand for graded eggs for carton business. With reduced availability of eggs in the open market, breakers are content to draw from their own production and stocks to avoid competing with carton business. But this did not happen in 2018. Six weeks out, as Easter business began to rise, so did interest from the breaking segment, likely based on the need to fill contractual obligations for finished egg products for domestic and export business. The last time markets saw prices at these levels was in the summer of 2015 when AI outbreaks disproportionately impacted the production of breaking stock, impacting the domestic use and export trading of finished egg products. At that time, affected breakers actively entered the spot market for raw materials to produce enough products to fill their contractual obligations and, by doing so, competition between carton and breaker business drove prices to record highs. Since that time, export trade has slowly recovered but still has not reached levels last seen in April 2015 prior to the AI outbreaks. In January-February 2018, the volume of exports of shell eggs and egg products was 38 percent over that for the same period in 2017 and 77 over the level attained in 2016. The trend line indicates continued growth.

In late January, prices for breaking stock jumped nearly 30 percent as breakers competed to cover their needs prior to the start of the Easter demand period. Three weeks later, they returned to the spot market but unfortunately, by that time, the Easter marketing period was underway and breaking stock price levels quickly rose by 13 percent while shell eggs for carton business saw a 41 percent price increase. In the three weeks prior to Easter, at the height of the wholesale market price runup for the holiday, breakers again actively competed for available supplies of eggs and price levels rose 40 percent for breaking stock and another 41 percent for carton business.

Since Easter, wholesale prices of graded eggs for carton business have declined 81 percent while breaking stock price levels have only declined by 46 percent.

Easter 2018 Egg Features by Class

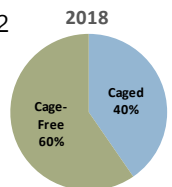


Despite the much higher price levels (the average advertised sale price for 12-packs of conventional caged shell eggs to consumers in retail outlets, at \$1.67, was 78 percent above the Easter 2017 average of \$0.94), shell eggs moved well during the holiday. To ease the consumer price shock, many grocers opted to promote Medium class conventional caged eggs at a lower price point than heavier classes while others shifted their advertising focus from traditional white shell eggs produced in conventional caged systems to those produced in specialty caged and cage-free systems, particularly those whose price points were more aligned with prices for conventional caged eggs.

Easter Supermarket Shell Egg Average Advertised Prices

Large class; dollars per dozen	2017		2018	
	White	Brown	White	Brown
CAGED Production				
conventional	0.87	1.31	1.15	2.39
nutritionally-enhanced	2.16	2.68	2.37	2.50
vegetarian-fed	2.50	2.40	--	2.33
CAGE-FREE Production				
Barn/Aviary	2.53	2.66	2.32	2.65
nutritionally-enhanced	--	3.40	--	3.12
vegetarian-fed	2.49	2.79	2.81	2.83
Free-Range	2.33	3.28	3.07	3.40
nutritionally-enhanced	--	--	--	2.96
vegetarian-fed	--	--	2.05	2.55
Pastured	--	5.06	--	4.86
Organic	--	3.89	--	3.70
nutritionally-enhanced	--	3.46	--	4.33
free-range	--	3.93	--	3.91
pastured	--	6.05	--	5.43

At Easter 2017, 48 percent of retail features were for caged eggs while 52 percent were for cage-free. In 2018, the percentage share of caged eggs declined to 40 percent (54 percent of which were nutritionally-enhanced and veg-fed types and 90 percent of which were white-shelled eggs) and the average sale price offered increased 33 percent from 2017. Cage-free offerings accounted for 60 percent of ads with cage-free eggs from barn/aviary systems and from organic systems combining for 52 percent of the category share. Advertised prices for the various cage-free offerings were, on average, unchanged from the prior year while ad prices for organic offerings were, on average, down 5 percent from 2017.



Information for this report was derived from data reported in the [2018 Easter/Passover Feature Advertising by U.S. Supermarkets for Meat, Poultry, and Shell Eggs](#) report.

