Consumer Attitudes about Local Foods

Robert King
Department of Applied Economics
University of Minnesota
April 2, 2007

Basic Questions about Consumer Attitudes

- How do consumers define “local foods”?
- What reasons motivate consumers to buy local foods?
- To what sources of information do consumers turn to learn about ecolabel products?
- What is the share of locally produced fruits and vegetables in retail store sales?

Presentation Outline

- About Our Study
- Reasons for Buying Local Foods
- Defining “Local”
- Sources of Information about Ecolabel Products
- “Local” Share of Fruit and Vegetable Sales

About Our Study

Funding and Participants

- Our project, “Impacts of Eco-Labeling on Produce Buying,” is funded by USDA under the National Research Initiative.

- Collaborating universities are:
  - Oregon State University
  - University of Minnesota
  - University of Oregon
  - University of Rhode Island
  - Washington State University

About Our Study
Project Objectives

1. Measure the impact eco-labeling on consumers' purchases of produce.
2. Measure how consumers respond to origin of production labeling for produce.
3. Measure consumers' response to various eco-labeling messages.
4. Measure how changes in price, display size, display placement, point of purchase signage size, sensory wording, and quality impact demand.

About Our Study

Data Collection

- Weekly data collection in selected stores in Minnesota and Oregon:
  - Price and sales quantity
  - Promotions
  - Display space, location, and signage
  - Product origin … eco-label?
  - Product quality/appearance
- Store level data will be used for a statistical demand analysis.

About Our Study
Data Collection

- Focus Groups:
  - Major criteria for buying food
  - Preferences on how food is produced
  - How ideas can best be communicated to consumers
- Findings from the focus groups were used to design a shopper intercept study on consumer attitudes about and willingness to pay for eco-label products.

About Our Study

Data Collection

- Shopper Surveys:
  - Purchasing patterns
  - "Willingness to pay" experiments for ecolabel product attributes
  - Attitudes and beliefs
  - Demographic information
- Findings from the surveys will help explain how attitudes towards ecolabels and willingness to pay for them differ across consumers.

Shopper Surveys
Locations and Target Participants

- We conducted shopper surveys in Minnesota, Oregon, and Rhode Island in 2006.
- Minnesota Surveys:
  - Six locations – three farmers markets, two supermarkets, one natural foods store – all in the twin Cities metro area
  - Five locations in July … one in September
  - 500 respondents

Shopper Surveys
Local Foods Questions

Respondents overwhelmingly indicated a preference for buying locally produced fresh foods.

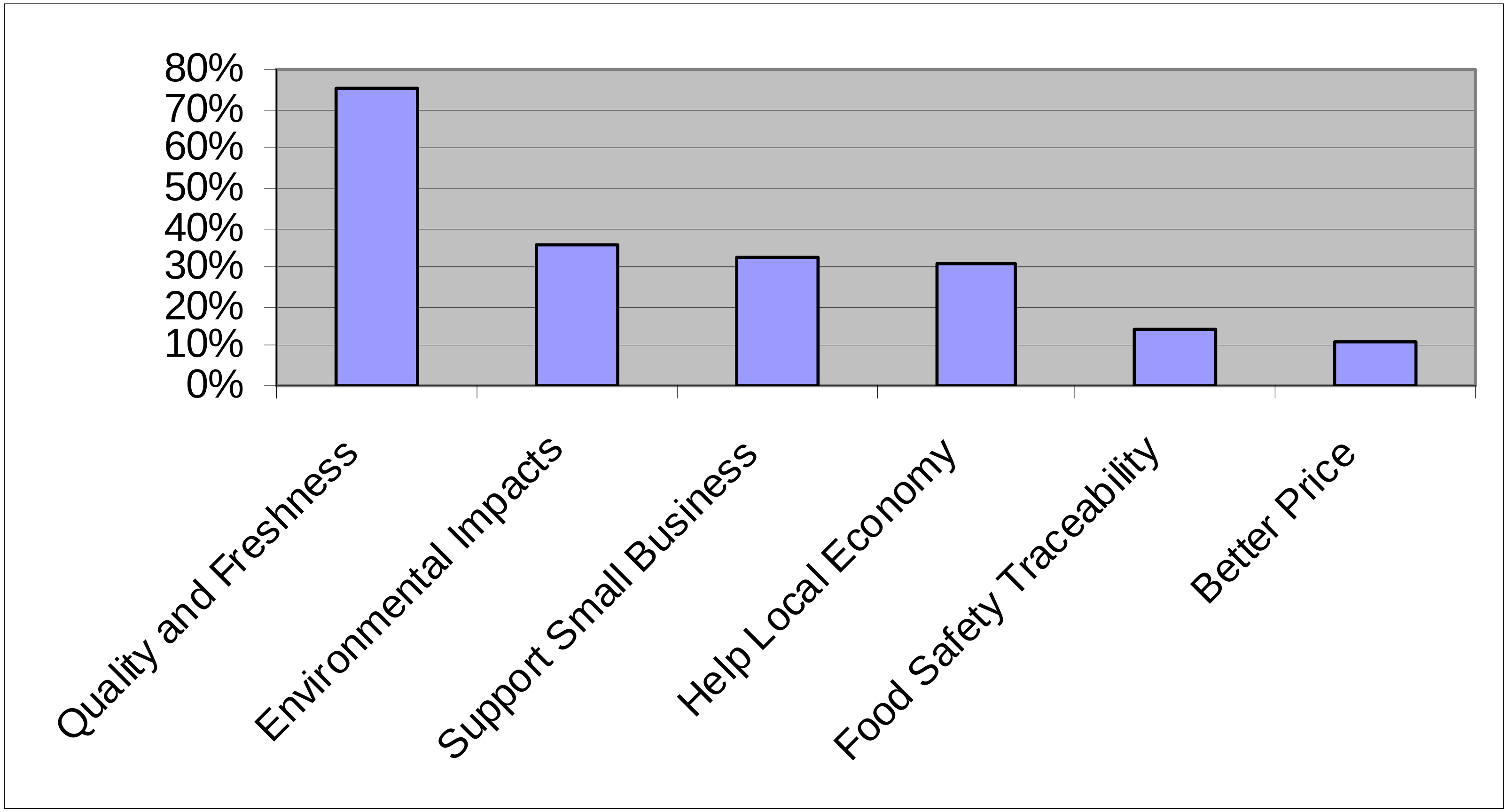
- Rank six possible reasons for buying local.
- Which of six regions most closely signifies locally grown for fresh fruits and vegetables?
- What information sources would you use to learn about an ecolabel you see in the market?

Reasons for Buying Local

- Rank the following reasons for buying local:
  - To get better quality and freshness
  - To lower environmental impacts/lower transportation
  - To support small businesses
  - To help the local economy
  - Food safety traceability
  - Because I get a better price

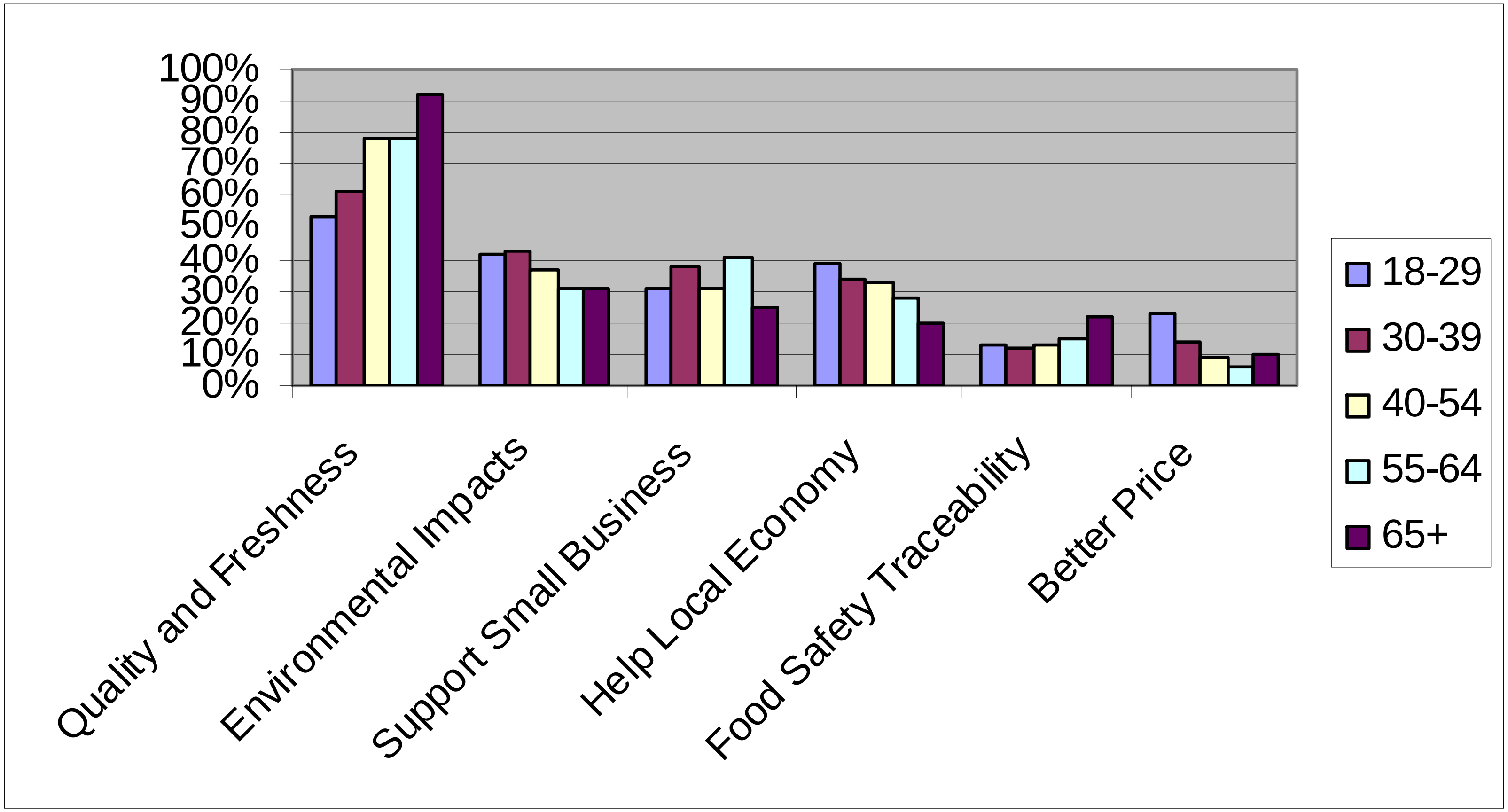
Reasons for Buying Local

- Shoppers ranked the following reasons “most important” or “very important.”



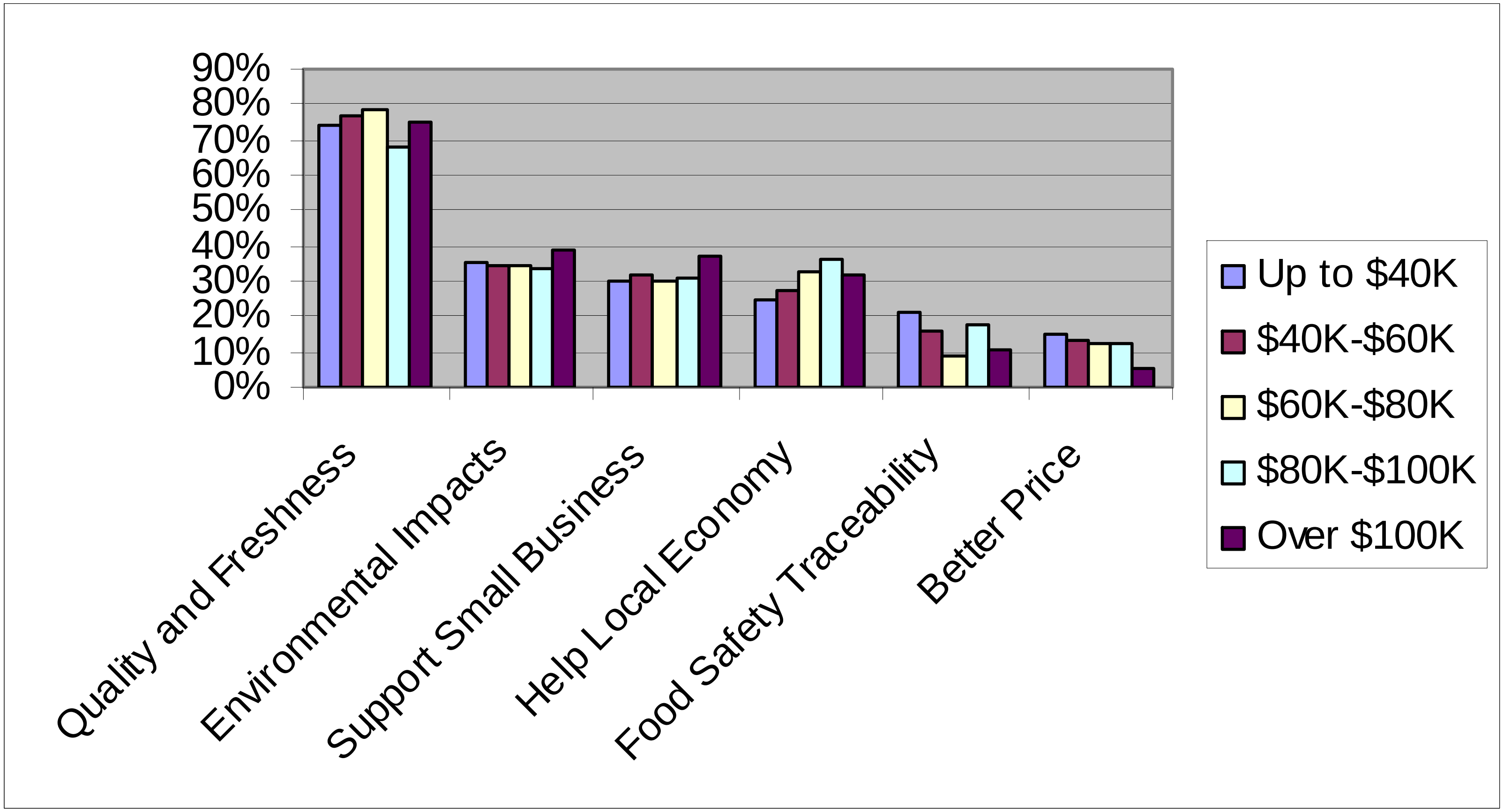
Reasons for Buying Local

- Shoppers grouped by age ranked the following "most important" or "very important."



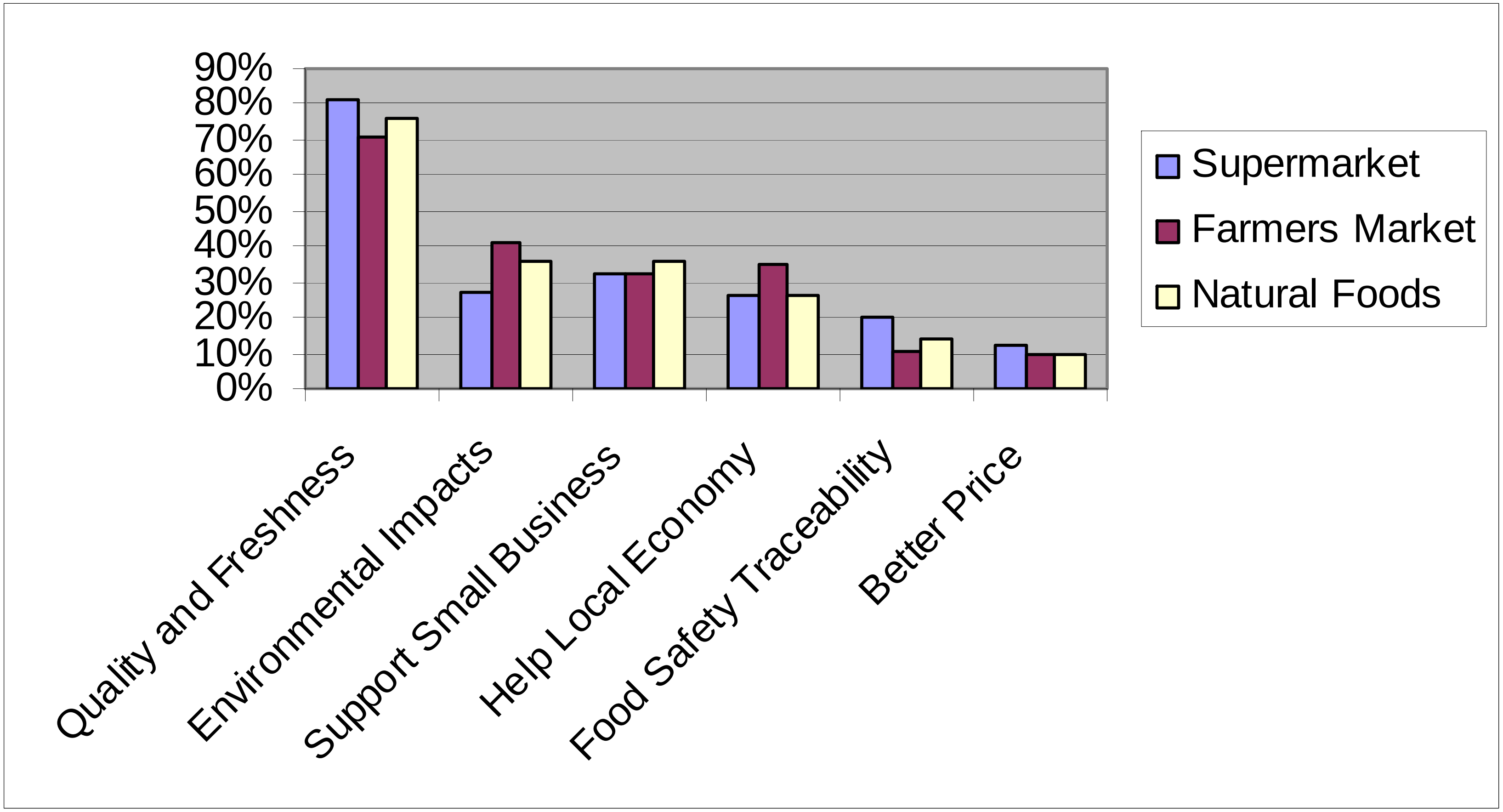
Reasons for Buying Local

- **Shoppers grouped by income ranked the following "most important" or "very important."**



Reasons for Buying Local

- **Shoppers grouped by store type ranked the following "most important" or "very important."**

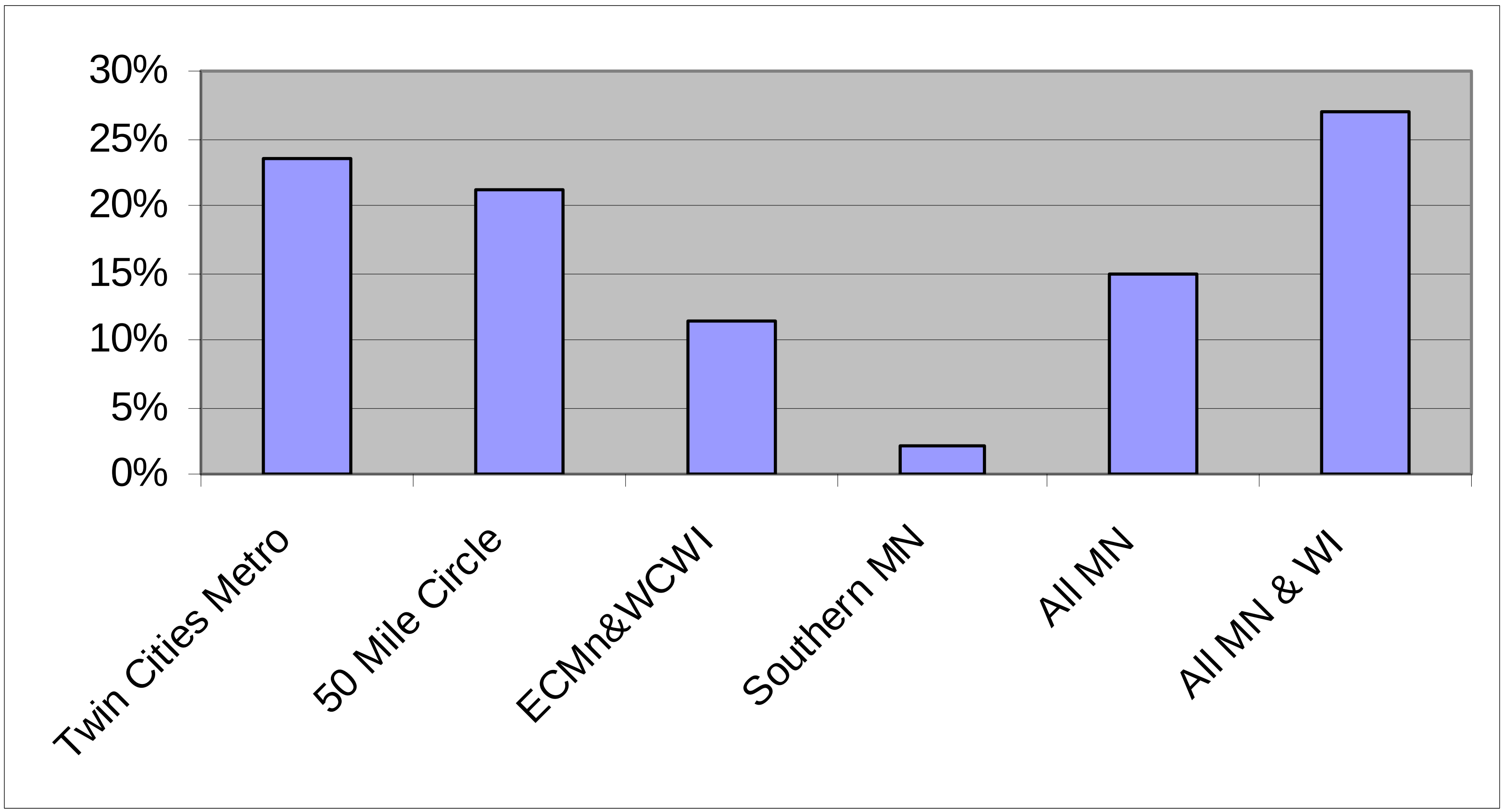


Defining "Local"

- Which of the following best signifies "locally grown" for fresh produce:
  - Twin Cities Metro & surrounding area
  - 50 mile circle around the Metro area
  - East Central Minnesota and West Central Wisconsin
  - Southern Minnesota
  - All of Minnesota
  - All of Minnesota and Wisconsin

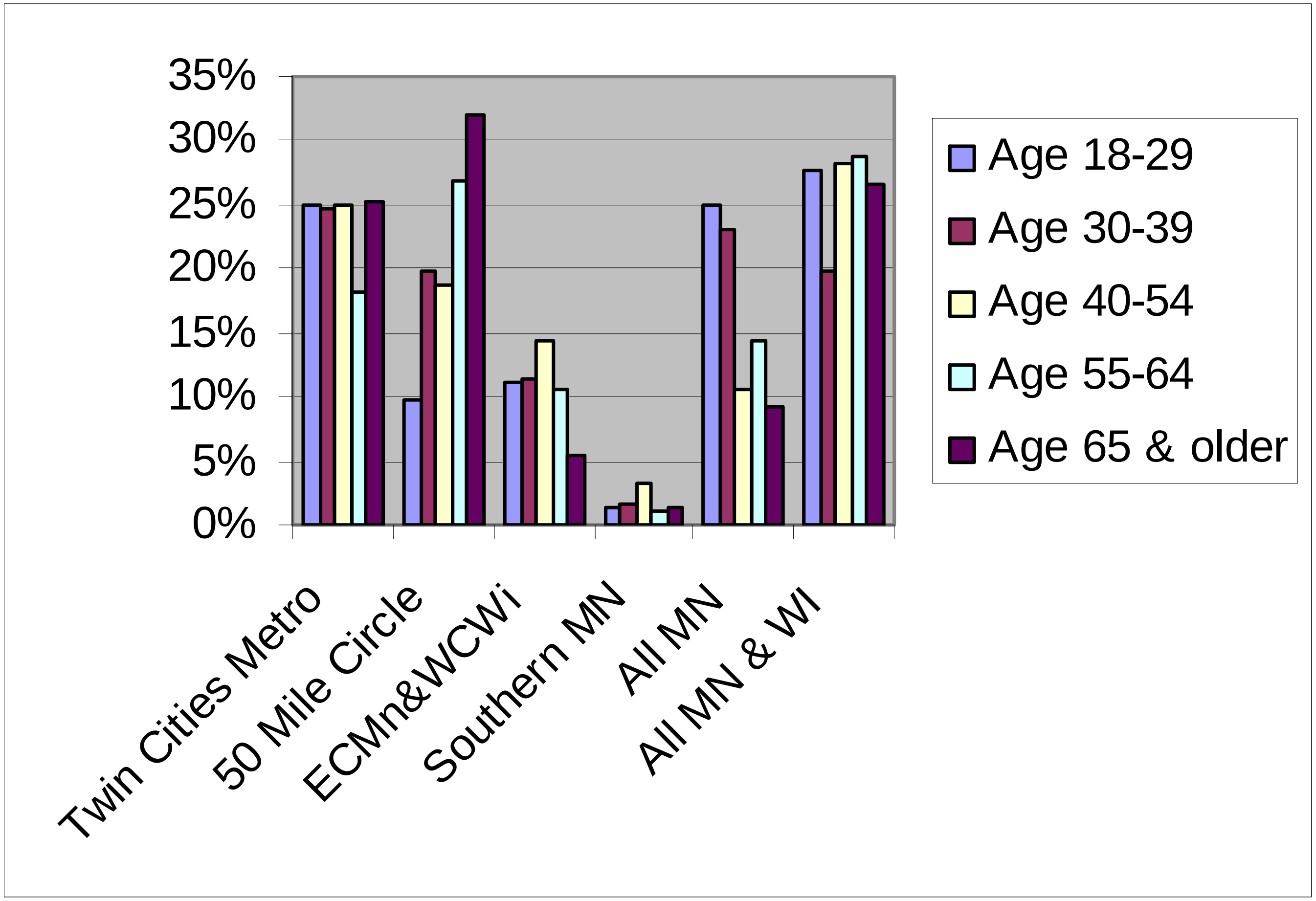
Defining "Local"

- Shoppers' definitions of "locally grown" tended to be fairly narrow or quite broad.



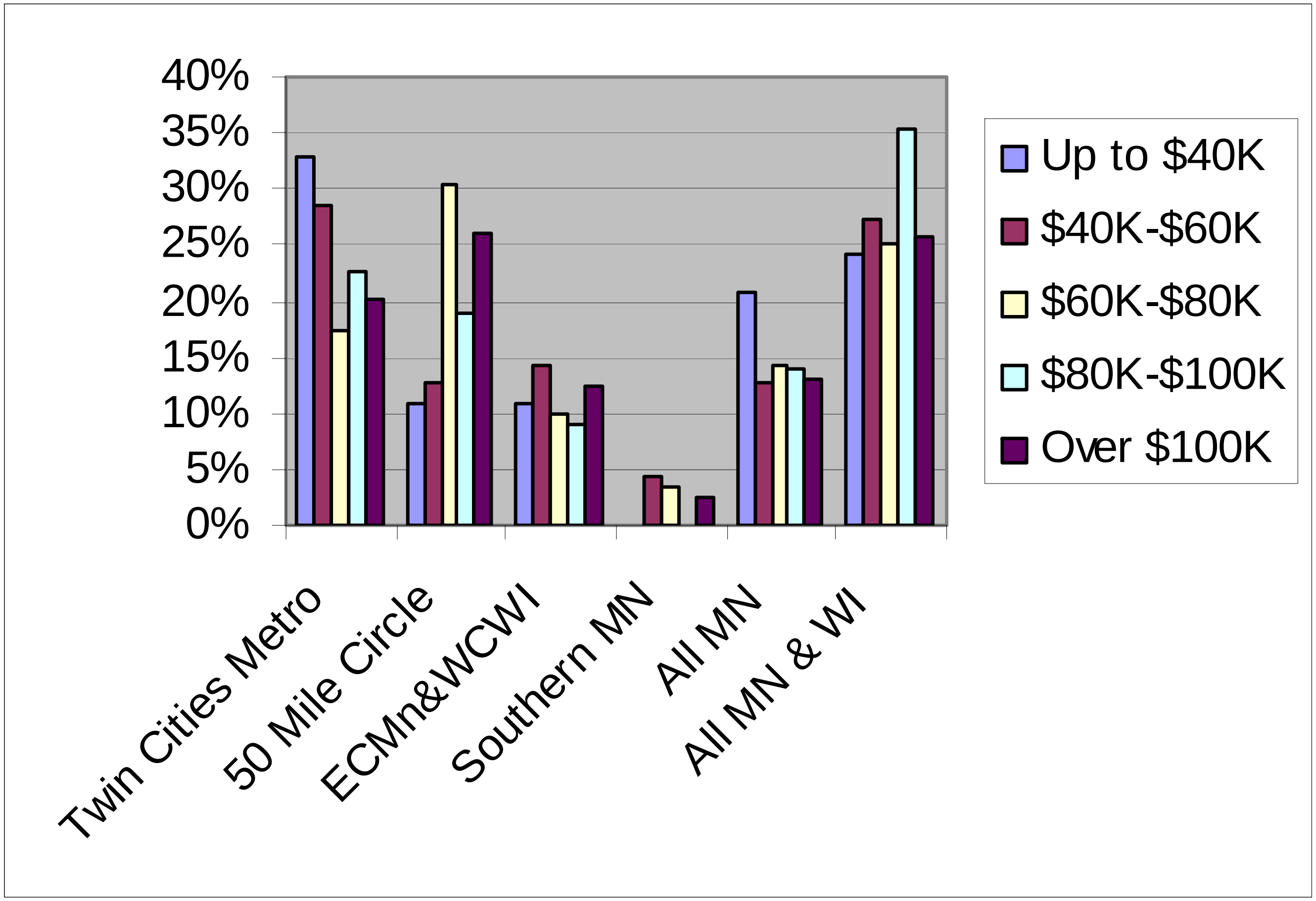
Defining "Local"

- **Shoppers grouped by age chose the following definitions of "locally grown"**



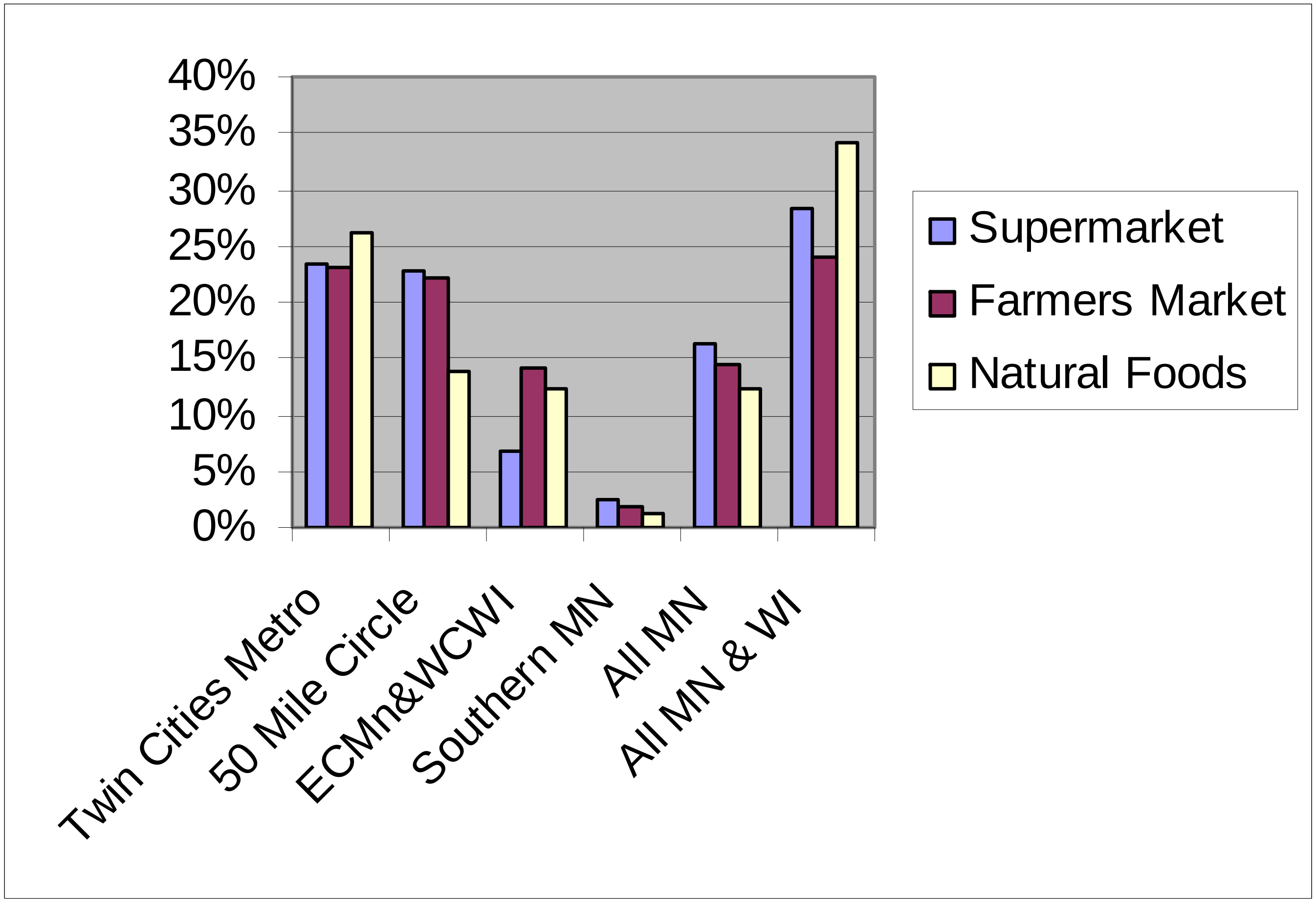
Defining “Local”

- **Shoppers grouped by income chose the following definitions of “locally grown”**



Defining "Local"

- **Shoppers grouped by store type chose the following definitions of "locally grown"**

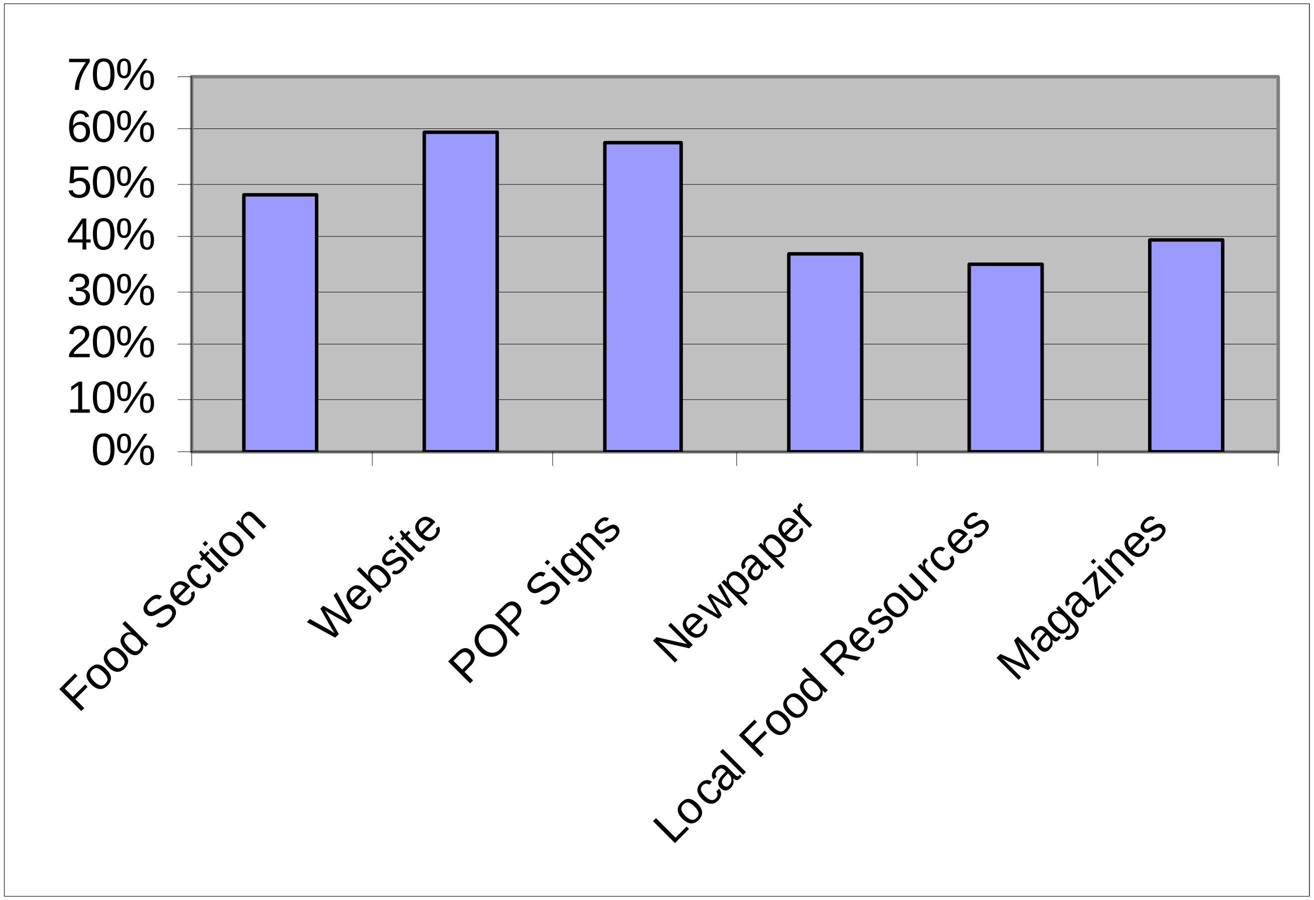


Sources of Information

- Which of the following sources of information do you use to learn about ecolabels:
  - Local paper – food section
  - Website
  - Signs next to the product (POP)
  - Newspaper information
  - Local food resources
  - Food/Environment related magazines

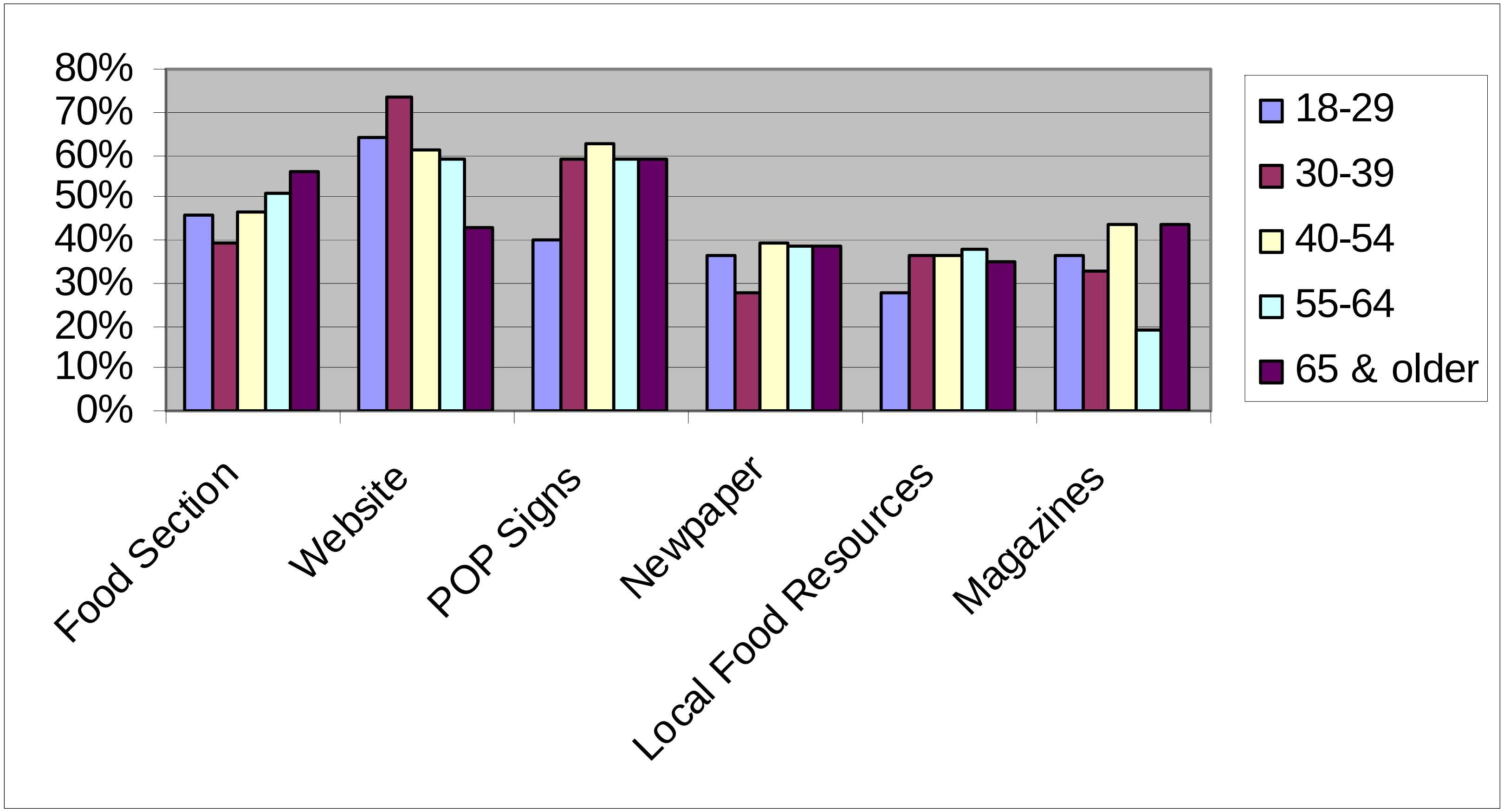
Sources of Information

- **Shoppers identified the following sources of information for learning about ecolabels.**



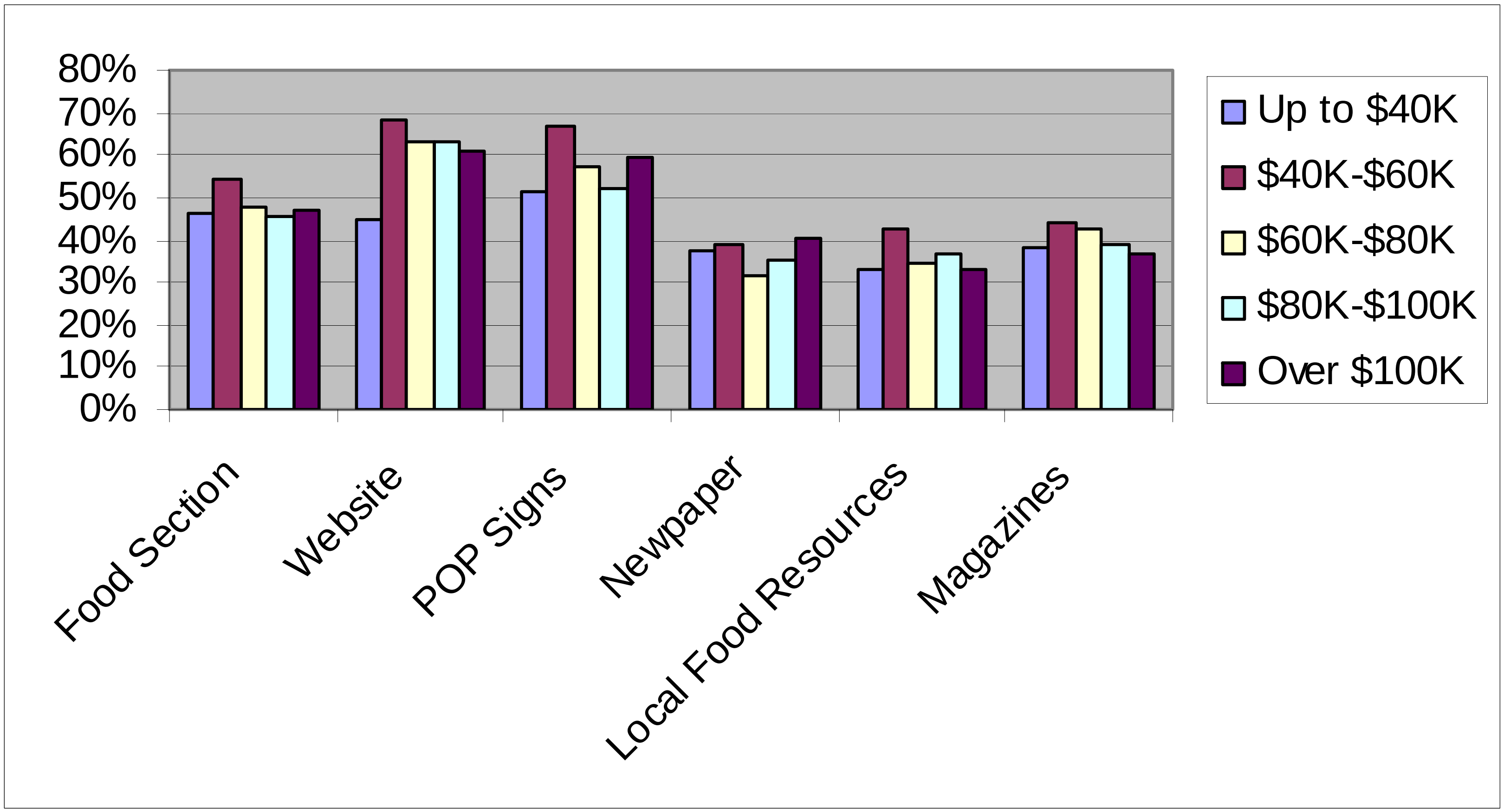
Sources of Information

- **Shoppers grouped by age identified the following sources of information for learning about ecolabels.**



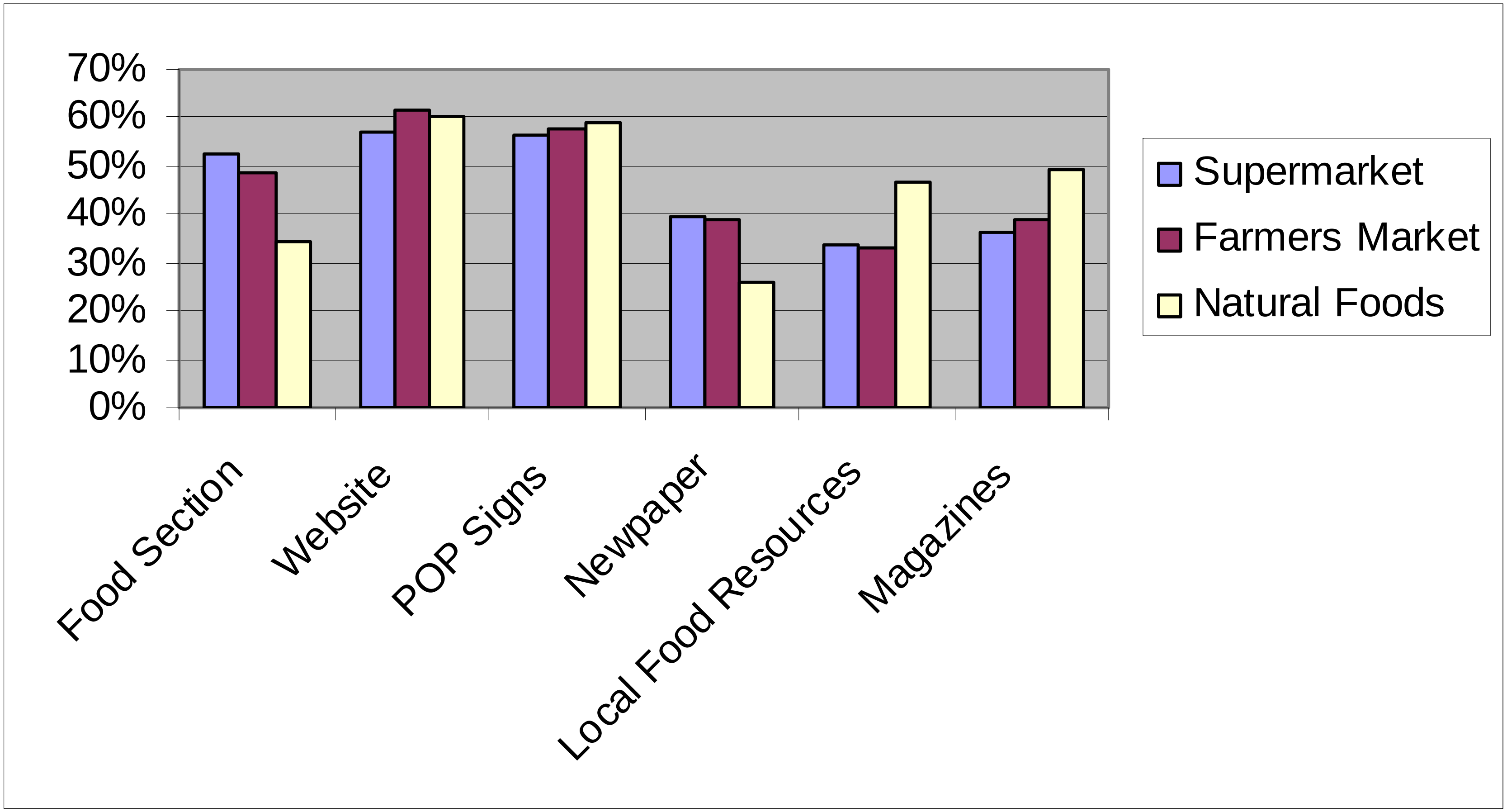
Sources of Information

- **Shoppers grouped by income identified the following sources of information for learning about ecolabels.**



Sources of Information

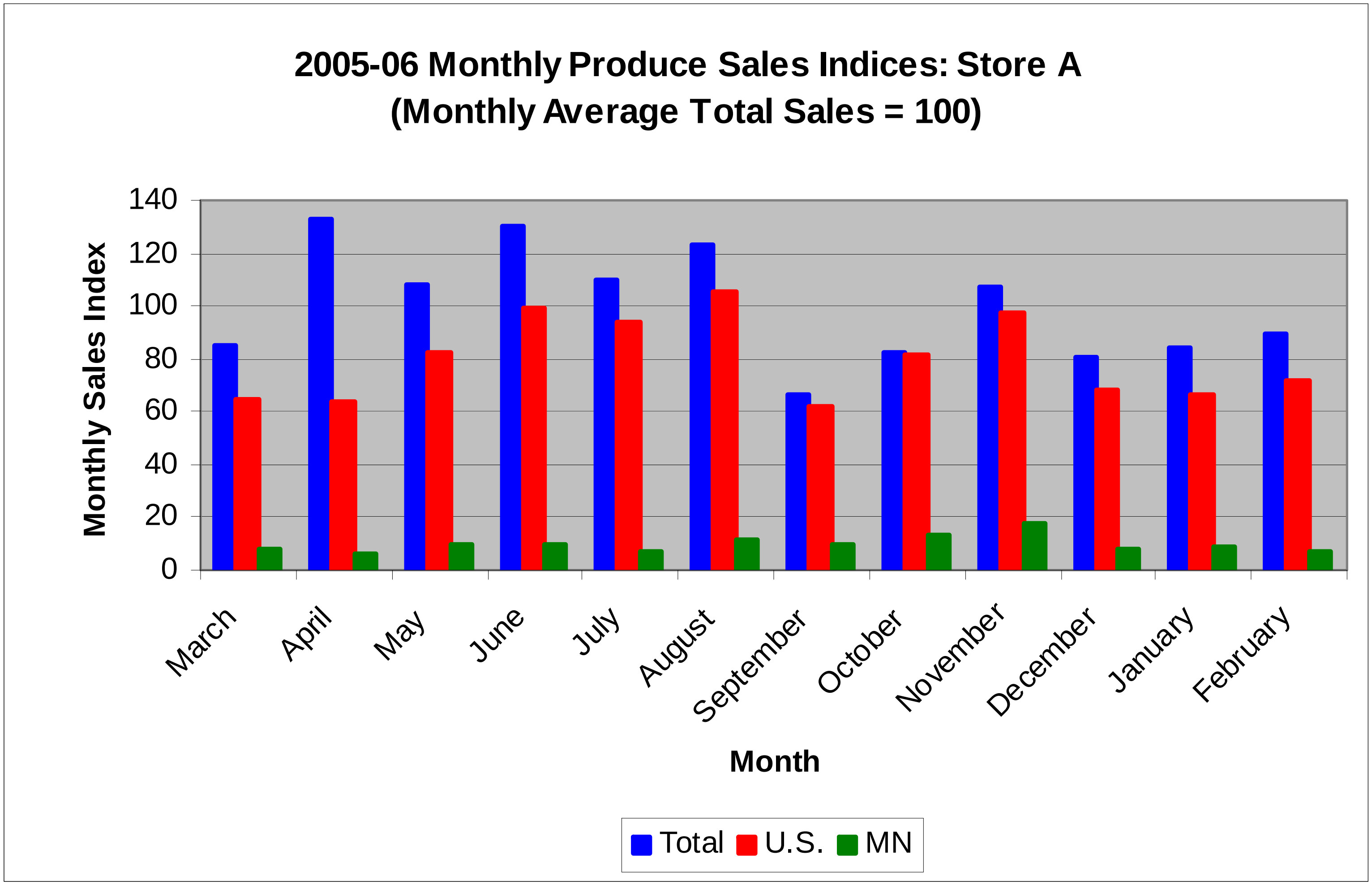
- **Shoppers grouped by store type identified the following sources of information for learning about ecolabels.**



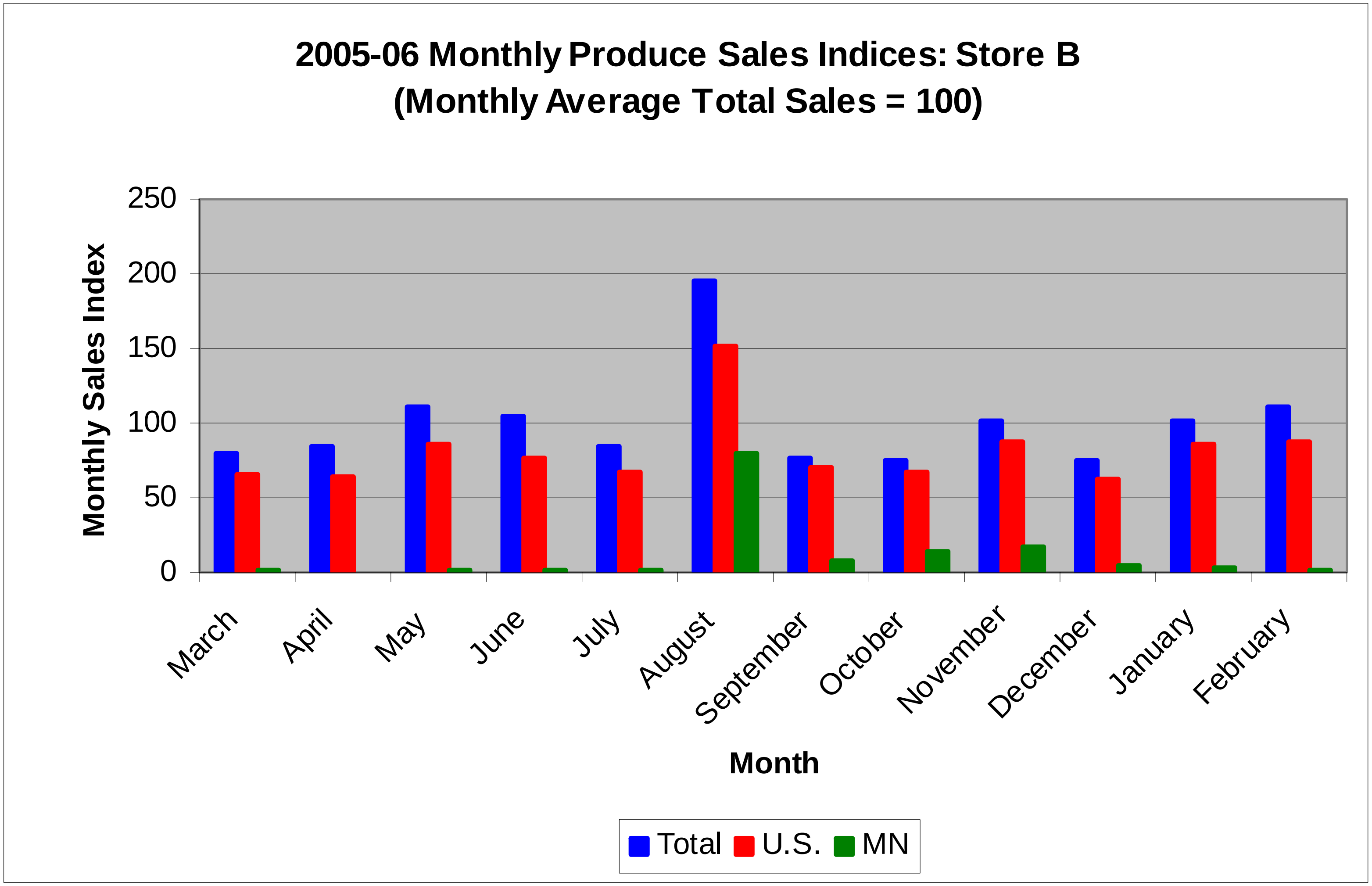
"Local" Share of Fruit and Vegetable Sales

- Sales data from actual stores point to challenges and opportunities for local foods.
- Weekly sales data for "hand" fruits and vegetables "that can be cooked" from three stores:
  - Store A – a large conventional supermarket located outside the Twin Cities Metro
  - Store B – a natural foods store in the Twin Cities Metro
  - Store C – an upscale supermarket in the Twin Cities Metro

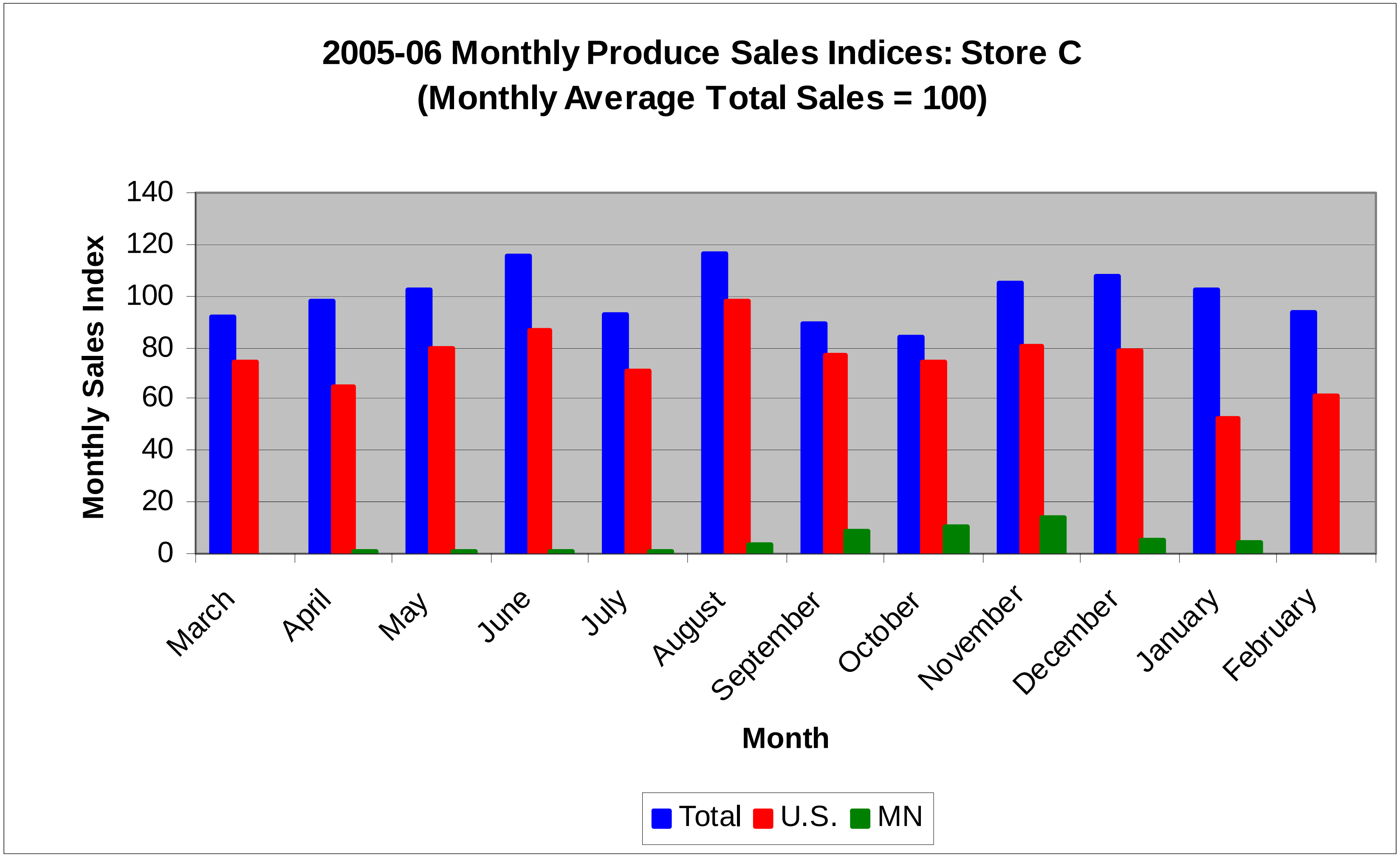
"Local" Share of Fruit and Vegetable Sales – Store A



"Local" Share of Fruit and Vegetable Sales – Store B



“Local” Share of Fruit and Vegetable Sales – Store C



"Local" Share of Fruit and Vegetable Sales

- For the entire twelve month period, 9.8% of fresh fruit and vegetable sales in Store A came from Minnesota products.
- For Store B, the natural food store, 11.4% of fresh fruit and vegetable sales came from Minnesota products. This store appears to be using locally produced foods to boost produce sales in August, a time of peak availability for highly perishable items.
- For Store C, only 4.2% of annual fresh fruit and vegetable sales came from Minnesota products.

Concluding Remarks

- Better quality and freshness is the dominant reason for buying local. To succeed you need to deliver that.
- Environmental impacts and helping the local economy are also important - but not dominant – reasons for buying local.
- The definition of "local" is still up for grabs. Consumers have an open mind on this.
- Very little of the produce sold in supermarkets is locally grown. Is this an opportunity?

Concluding Remarks

- Supermarkets are the market channel that offers best access to large numbers of consumers.
- It <u>is</u> possible to place local food products in supermarkets. Supply may be a bigger challenge than demand.
- We <u>can</u> improve access to local foods in supermarkets … but there are significant challenges.
- In all our efforts to promote local foods, we need to keep the consumer in mind.

Questions? … Comments?