Consumer Understanding of Buying Local

Food Institute
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Danielle Breuel
Research And Education Director, The Food Institute

As Research and Education Director of the Food Institute, Danielle oversees the publication of the non-profit organization’s numerous reports, seminars and webinars, which focus on various topics that are central to the food business, including mergers and acquisitions, demographics of consumer food spending and general industry trends.
Today’s Presenter...

Kate Peringer – Marketing Communications Manager, The Hartman Group, Inc.

Kate strives to bring understanding and awareness to our clients through frequent participation as a speaker at industry events.
PART 1
The Hartman Group, Inc. Company Profile
Company Overview

**Founded:** 1989

**Headquarters:** Bellevue, WA

**Employees:** About 50

**Staff Composition:** Fulltime professionals with PhDs in anthropology, sociology and psychology, combined with visual analysts and linguists, MBAs, marketers and innovators.

**Products & Services:** Customized and syndicated primary consumer research, expertise with qualitative and quantitative research methodologies, strategic consulting in innovation and marketing, consumer and market trend analysis.

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The leading market research resource for consumer insights, knowledge acquisition and actionable analysis

Offering the most provocative deep dive into consumer culture and trends that fuels innovation

Looking beyond the purchase to understand the wider lifestyle contexts of shopping
PART 2

The Trend Toward Quality: Local as a Key Mark of Distinction
Consumer Behavior…

It’s a changing world…and there is a changing consumer:

- no one set lifestyle
- no one specific type of consumer

Mental | Physical | Emotional | Spiritual
Understanding Consumer Trends

CONSUMER IDEAS

Natural → Organic → Fresh → Local

REDEFINITION OF QUALITY
Redefining Quality: Local as an Important Cue

The Trend of the Decade

Quality = High level experiences

- Includes connections to ingredients, origin narratives, processing, product use, etc.: Quality exemplifies how consumers view local products:
  - **Fresh**: Ripe, Harvested Near By
  - **Authentic**: Farmer’s Markets, Food with a Face, Direct from the Producer
  - **An Antidote to Change**: Buying Local Supports Community, Preserves Values, Helps “the little guy”

Implications | Opportunities

- Consumers are willing to pay more for products that are perceived to be higher quality
- Local a cue to quality in changing food culture
Quality and The World of Food: Local is Core

Each area of a World (Periphery, Mid-level, Core) describes a distinct zone of quality with its own criteria for what premium is.

The definition of premium changes and becomes more sophisticated as one moves toward the Core.

Core consumption requires a great deal of pedigree and craftsmanship: Consumers view local as truly authentic and unique.

Core:
- Local
- Seasonal
- Food ritual
- Passion

Mid-level:
- Fresh
- Brand

Periphery:
- Product Habit
- Function
- Nutrition
- Price
- Convenience

Product Narrative:
- Culinary expertise
- Knowledge
- Artisanal
Local is Part of the Trend Toward Authentic Eating and the “Fresh Revolution”

Authentic Eating
Knowledgeable engagement of food as it is eaten.
Savoring of food as a sensory experience in its own right.

Assessing food in terms of emerging trends emanating from the Core of the Food World (fresh, artisanal, seasonal, local, biodynamic).

Fake Eating
Traditional processed and package foods will be increasingly described as “junk,” “factory food,” “crap” and “fake.”

Only packaged food brands able to appear convincingly less processed and authentic will remain relevant to consumers.

Eventually, consumers will reject most processed foods of their youth and of their parents’ youth.
Characteristics of Quality Food: Many Local Attributes

- Simple
- Elegant
- Design
- Flavors
- Unique
- Story
- Quality Food and Beverages
- Not Mass Produced
- Handcrafted
- Small Batches
- Found only in certain stores
- Not Processed
- Fresh
- Unpackaged
- Minimal packaging
- Simple packaging
- Outer edge of store
- Nothing added
- Chilled
- Simple ingredients
- Short ingredient lists
- Local
- Clean
- Healthy
- Ethnic
- Organic
- Consistent
- Natural
- Good ingredients
Local and Fresh: Influence On Quality Food Experience

Unpackaged Foods

Trader Joe's, Annie's, Ben & Jerry's, Amy's, Muir Glen, Sahalee Snacks, Izze Sodas

Healthy
Local
Ethnic
Organic

Gourmet
Functional Foods

Fresh Prepared Foods, Seasonal, Perishable, Specialty Retail

Artisanal, Saveur, Tom Douglas, Deen and Famous, Specialty Retailers
PART 3

Consumer Perceptions of Local
Local’s Rising Popularity in the Media and with Consumers:

Number of articles in which terms appear in magazines, academic journals, books, newspapers, multimedia sources, 1998-2008. Source: Gale Media One File, search of 69 million records.

Do you purchase local products?

Source: Pulse Report: Buying Local from a Consumer Perspective, Total Sample (n = 796)
### Symbolic: Locale

In interviews, when describing distinctions about local products, consumers might also describe products from a locale:

- **Unique**: expressing the geography of a region
- **Authentic**: Cues a region (Tuscany) or small producer
- **Taste**: Specific tastes attributed to a locale

### Objective: Geographic

When asked in survey format which statement they think best defines a “local product” consumers defer to geographic definitions:

- **50% say** “made or produced within 100 miles”
- **37% say** “made or produced in my state”
Objective Definitions of Local Arise Especially When Asked About Differences Between Imported and Local Products

I'd rather support artisans or farmers that are close to me, at least within my town, city or local community.  

I'd rather support artisans or farmers that are close to me, at least within my state.

I prefer a product that hasn't traveled a long distance to reach me.

Local is really about products that are "made in America."

Local is really about who makes the product: If it's made by artisans or farmers, I don't mind what country it comes from.

Percent completely agreeing/Partly agreeing, “With regard to your ideas about imported vs. locally produced products, please state your level of agreement or disagreement with the following statements.”

Source: Pulse Report: Buying Local from a Consumer Perspective, Total Sample (n = 796)
Consumer Language Analysis: Symbolic meanings of “local product”

“What sorts of things come to mind when you hear the phrase “local product?”

Symbolically, local can mean many things. While many consumers associate fruits and vegetables with the term “local product,” the term also conjures up notions of community, handmade goods and crafts as well as locally produced meat, dairy and artisan baked goods, cheeses and condiments.

Source: Pulse Report: Buying Local from a Consumer Perspective, Total Sample (n = 796)
A Diversity of Possible Definitions and Motivations for What “Buy Local” Means to Consumers

Buying food products that are grown close to my home and sold within my community
- 57% Completely agree
- 30% Partly agree
- 0% Neither agree nor disagree
- 100% Completely/Partly disagree

Buying food products that are fresher because they are grown within 100 miles of me
- 47% Completely agree
- 40% Partly agree
- 10% Neither agree nor disagree
- 100% Completely/Partly disagree

Buying products that support small businesses such as farmers, artisans and crafts people in my community
- 43% Completely agree
- 30% Partly agree
- 10% Neither agree nor disagree
- 100% Completely/Partly disagree

Percent completely/partly agreeing. Proximity to their community, made within 100 miles, and supporting nearby small businesses are the most popular definitions of what “buy local” means.

Source: Pulse Report: Buying Local from a Consumer Perspective, Total Sample (n = 796)
Grocery Stores and Farmer’s Markets are Primary Channels of Purchase for Local Products

- From a grocery store: 62%
- From a farmers’ market: 61%
- From a farm stand: 44%
- Directly from the producer (farmer or crafts person): 28%
- From a health food store: 20%
- From a local super store (e.g. Target, Wal-Mart): 19%
- From a club or warehouse store (e.g. Costco, Sam’s Club): 8%
- From a convenience store: 7%
- From my local drug store: 5%
- Through a local CSA (community supported agriculture): 3%
- Online from the Internet: 3%

Source: Pulse Report: Buying Local from a Consumer Perspective, Total Sample (n = 796)
Business Activities that Influence Consumers to Shop, Buy and Eat Local

- Businesses that sponsor local farmer’s markets: 34% extremely influential, 43% very influential, 21% not very influential, 12% no influence at all.
- Labels on products that say "locally grown" or "locally made": 24% extremely influential, 50% very influential, 19% not very influential, 7% no influence at all.
- Large, national retail chain stores that stock products from a local community on its shelves: 23% extremely influential, 50% very influential, 23% not very influential, 4% no influence at all.
- Restaurants in a community that cook with ingredients that are "local": 26% extremely influential, 44% very influential, 26% not very influential, 4% no influence at all.

Extremely influential/Very Influential. Business sponsorship of farmers’ markets can be very influential on buying local as can be labels designating locally grown or made.

Source: Pulse Report: Buying Local from a Consumer Perspective, Total Sample (n = 796)
Farmer’s Markets: Growing in Number and Popularity

Growth from 2004 to 2006 was 18.3%.

Local Marketing and Narrative: The Power of the Story Behind the Product

Percent completely agreeing/Partly agreeing, “Thinking about how local products are marketed, how do you feel about the following:”

- Seeing a picture of the people that make a product makes it more credible to me.
  - 20% Completely agree
  - 33% Partly agree
  - 33% Neither agree nor disagree
  - 20% Partly disagree
  - 0% Completely disagree

- Seeing a picture of where a local product is made makes the product more credible than mass produced products.
  - 25% Completely agree
  - 32% Partly agree
  - 35% Neither agree nor disagree
  - 25% Partly disagree
  - 0% Completely disagree

- Learning about the people behind a local product (who makes it) is important to me.
  - 25% Completely agree
  - 35% Partly agree
  - 32% Neither agree nor disagree
  - 25% Partly disagree
  - 0% Completely disagree

- Learning about the story behind a local product (how it’s made) is important to me.
  - 23% Completely agree
  - 38% Partly agree
  - 25% Neither agree nor disagree
  - 23% Partly disagree
  - 0% Completely disagree

Source: Pulse Report: Buying Local from a Consumer Perspective, Total Sample (n = 796)
For three quarters of consumers “fresh” is very important when choosing foods and beverages. Locally grown is ranked above USDA Organic and Organic label designations.

Top 2 Box based on 7-point scale ranging from “Not at all important” (=1) to “Extremely important” (=7).
Halo of Being “Close to Organic”: Percent of Local Products Bought Believed to be Organic

Just over one-third (35%) of consumers believe that 25% to 50% of the local products they buy are organic.

Source: Pulse Report: Buying Local from a Consumer Perspective, Total Sample (n = 796)
Local Assumptions: Less Pesticides and Close to Organically Grown

Assume a lot of the time that they are produced with less pesticides than fresh products in stores

Assume a lot of the time that they are "close to organically grown"

Percent completely agreeing/Partly agreeing, “When buying locally grown fresh foods, would you say you…?"

Source: Pulse Report: Buying Local from a Consumer Perspective, Total Sample (n = 796)
Room for Growth: Consumer Desire for Increased Variety in Local Product Categories

Many consumers are currently buying local, but there is significant room for local market growth as they increase the frequency and quantity of local purchases.

Total Respondents, Source: Pulse Report: Buying Local from a Consumer Perspective, Total Sample (n = 796)
Local Narrative: New Role for Retail Signage

Traditionally, retail signage has largely been a navigational aid, though sometimes it is useful for identification (particularly in fresh departments)

The latter role of identification is evolving into the informative in premium retail, where retailers have an opportunity to tell a story about an item and point toward new quality distinctions

- For instance, less-common vegetables could be tagged with origins information, taste profiles, and use guidelines, in a narrative format, including some information on why “we” (the retailer) enjoy the product e.g. “As a summery treat it goes great with seared yellowfin tuna and a nice pinot grigio.”

Narratives about the people and places behind a local product can differentiate a product by connecting emotionally with consumers. Stories and images used to describe the people, processes and origins of local products differentiate such products apart from mass-produced goods. Retailers and marketers of local products should place such storytelling at the forefront of efforts to connect consumers with local goods.

Local as a Key Cue to Premium Experiences

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<thead>
<tr>
<th>Conventional</th>
<th>Premium</th>
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<td>These products are perceived as mass produced and lack substantial (if any) product narratives</td>
<td>Often have notable product narratives and other cues (e.g. “local” or “organic”) that give impressions of “real” production, done “the right way” that leads to enhanced quality perceptions</td>
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<td>– Consumers often think of these products in a positive, nostalgic way (iconic products)…</td>
<td>Consumers enjoy narratives providing details such as</td>
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<td>– But also, more often, view them negatively as opaque, processed products of ultimately unknowable “big factory” origins (and therefore of potentially dubious quality)</td>
<td>– Origins: such as how the company was started, the founder(s) story, et cetera</td>
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<td></td>
<td>– Ingredient sourcing details</td>
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Growing numbers of consumers are seeking higher quality products and experiences. They have an increased desire to obtain products and experiences they deem are the “real deal” or most authentic. Quality markers such as ingredients and narratives of origin (i.e., local) and the context within which a purchase is made are those factors that have the most resonance with consumers — and are the most powerful influencers on the perception that a product is or is not authentic.

Local Offers Potential for New Relationships at Retail

- Consumers like meeting face-to-face with the producers of local products and they also frequently shop grocery stores to buy local fare.

- Opportunities exist for grocers and marketers of locally made products within mainstream supermarkets to promote and sell more local products and brands.

- A large aspect of “buy local” lies in the notion that consumers are supporting the social fabric (farmers, producers, artisans) of their community or region. While local farmers’ markets are an ideal venue for connecting consumers with authentic farmers, retailers can also forge new relationships with consumers by introducing shoppers to authentic farmers, artisans and producers in their stores as well.
Local Not Just About Food:

- While local is currently primarily associated with fresh produce, opportunities exist for other product areas. Nonfood categories, such as furniture, pottery, apparel, house wares and personal care products appear to have captured the interest of a wide range of consumers.

- Retailers and marketers appear to have only begun to explore the possibilities of offering local nonfood products, implying that the “local aisle,” incorporating both local food and nonfood goods, may not just be a fantasy within future retail store designs.
“Buy local” isn’t specific to distance within one’s home or community; “locale” has many unique and distinctive connotations of local. Consumers are increasingly seeking out authentic, premium experiences. Viewed as antidotes to mass produced goods and experiences, those products with distinctive characteristics (offering cues of handmade production or varietals specific to a region) are increasingly sought out by a wide range of consumers.

National brands can use the notion of local to their advantage. In the food industry, there is a belief that you can only be local if you are a small and authentic “local” brand, but that isn’t necessarily true.

There are many ways for a national name brand to be “local” by, for instance, having limited edition and/or seasonal products. Another way could be a nutrition bar with an ingredient that is grown in a certain area that gives it better taste perceptions.
Local a Key Part of the Ongoing Trend to Premium: Consumers are Upgrading on a Regular Basis

- Most consumers have changed the kinds of foods they eat on special occasions
- Many changes entail choosing higher quality, premium foods
  - Seeking distinctive flavors
  - Seeking less processed foods
  - Interest in locally produced foods
  - Seeking craft or artisan produced foods
  - Being willing to spend more
- Virtually all consumers now eat (at least some of) the same foods everyday that they are buying for special occasions
  - Selecting higher quality foods is not reserved for special occasions
  - The drivers of food choices on special occasions are becoming drivers of everyday food choices
Premium is the Ultimate Driving Force of the Future … Local is a Part of This

We’re living in an era that has successfully tackled the problems of efficiency, reliability and uniformity of mass food production and distribution

– Now, consumers want food companies to be focused on making things better, higher quality, an experience rather than just a SKU

Consumers today stress food experience

– They eat for pleasure, for emotional wellness, as an intellectual pursuit to have a sophisticated cultural experience…

– …rather than merely to satisfy physical hunger–food is more than proteins, carbohydrates and fats