

2010 Extension Competition for Graduate Students

Exploring the Marketing Implications of Local Food Systems:
Creating Effective Marketing and Policies Based on Consumer Motivations

Summary of Proposed Extension Program

Relevant Program

The growth in local food systems has primarily been a consumer driven phenomenon, with demand quickly surpassing expectations by the food industry. As food system stakeholders scramble to respond to consumer interest in local foods, Land Grant Universities can inform market development and policies through exploring the rationale, motivations and consumer behavior emerging in these systems.

Retailers, in particular, have had to quickly adapt to the changing marketplace in order to attract and maintain its consumer base. Both large and small retailers, ranging from Walmart to small independent stores are realizing the market potential of adapting their supply chain strategies to include more local and regional food procurement. One key mechanism in adaptation has been the retailers' ability to understand consumer motivations so that their promotion, labeling and offerings of local goods are effectively managed. In fact, there are many retailers seeking connection with their consumers in order to influence market choice. However, knowing what consumers are looking for in an increasing complex food system and meeting that need are often overlooked or misunderstood by many retailers.

By responding to consumer motivations, retailers can strengthen their connection with their consumers by meeting their needs through awareness and access. Therefore, this Outreach project draws on applied consumer research using psychographic factors that have been shown to influence market behavior to help retailers, and other food market managers, enhance marketing and point of purchase signage and re-connect with the consumer. This creates a new challenges and opportunities for the retail world to engage consumers at the store level and provide the products that consumers are looking

for, specifically local food. The goal of this program is to enhance retailer's and marketers' relationship with their consumer by educating them on different factors that influence motivations to purchase local food. The use of empirical evidence applied to marketplace strategies can aid in increasing the value and efficiency of retailers local food programs.

Analytical Research Foundation

Research suggests that there are many potential factors driving consumer trends as they relate to local foods. Although primary motivators for consumer food purchases continue to be focused on price, quality, convenience, and brand familiarity, there seem to be other factors that are influencing the decision criteria for some consumers. This Outreach draws from an established psychological theory, Theory of Planned Behavior (TPB), as a framework to examine different motivators of local food purchase (see figure 1). The key factors are identified as perceived consumer effectiveness, social norm influence, and consumer confidence. Evaluating these elements can be appropriately applied to the food industry, including direct marketers, to explore the desired benefits and barriers to purchase of local food.

Three studies utilizing different methods and samples are compiled into appropriate writing, presentations and food policy materials. Extensive surveying of a stratified nationwide sample and an in-store consumer sample allow for a two-pronged approach to addressing this issue through self report. Additionally, an in-store price manipulation experiment allows for actual retail applicability addressing the consumer choice and WTP factors surrounding sustainable foods.

Key determinants included in the expanded TPB are measured in both samples in order to investigate their relationship with reported market behaviors. For example, does belief in how effective a purchase can be on one's health, the environment, the economy, or social fairness (perceived consumer effectiveness) influence where someone shops for local produce? These elements, combined with an analysis of how such perceptions are influencing consumer marketing choices, will allow traditional food retailers, and other target audiences, including farmers markets, direct market producers, health food stores and food coops, to understand and appropriately target their marketing efforts in order to match customer needs.

Program Expected Outcomes/Audience

The utilization of both survey and experimental data will provide insight into consumer motivations toward local foods. Intended outcomes are to clarify the communication strategies of the retailer, and other food system marketers, to the consumer in an effort to raise consumer awareness and knowledge. This connection will allow various food industry parties to meet consumer needs, exceed their expectations, improve consumer satisfaction all while ultimately creating a more efficient and well-rounded marketplace.

Delivery Methods Used

The dissemination of results will be through many different avenues including: Power point presentations, fact sheets, posters/handouts and materials appropriate for the point of purchase. Research has already been invited to present at industry venues (National Grocers Association Convention), USDA meetings on local foods and direct marketing meetings in Colorado. These presentations have helped companies and

producers, while informing relevant technical assistance and food-oriented agencies about how their policies and programs can support the food marketing system in developing local food strategies. Specifically, the presentation to independent grocers (threatened by Walmart's foray into this segment) utilized the results of the study to provide actual marketing applications in the retail grocery store, as academic results were complemented by an Oregon grocer who specifically targets the needs for authentic, credible marketing messages in their customer base. Applications such as point of purchase educational tools and messages were suggested to retailers as a way to engage consumers and provide them with information that is aligned with internal motivations of the consumer.

In short, this Outreach project was framed under the following assumption: Understanding consumer motivations to purchase local food can help create marketing campaigns, consumer awareness programs, and also provides a great opportunity for retailers to understand more about their customer.

Student Information

Gretchen A. Nurse received her B.S. from University California Berkeley in Conservation and Resource Studies with an emphasis in land management and policy. Additionally, she received an M.S. and Ph.D. at Colorado State University in Psychology, with the latter being awarded in December 2009. Her emphasis in this program was Environmental Psychology. Her dissertation was entitled, "Evaluation of Motivations that Influence Consumer Purchases of Local Food." Gretchen's areas of research cover such topics as sustainable agriculture, consumer decision making, human relationships with land and nature, and soundscapes in natural environments.

She is mentored by Dawn Thilmany McFadden, Colorado State University, Department of Agriculture Economics. She has provided assistance and guidance throughout this project by providing access to the large nationwide study and the in store sample. She allowed Gretchen to be a part of a much larger project to gain experience and exposure to agriculture economics and issues addressed in this field. Dawn also served on her dissertation committee.

Figure 1.

